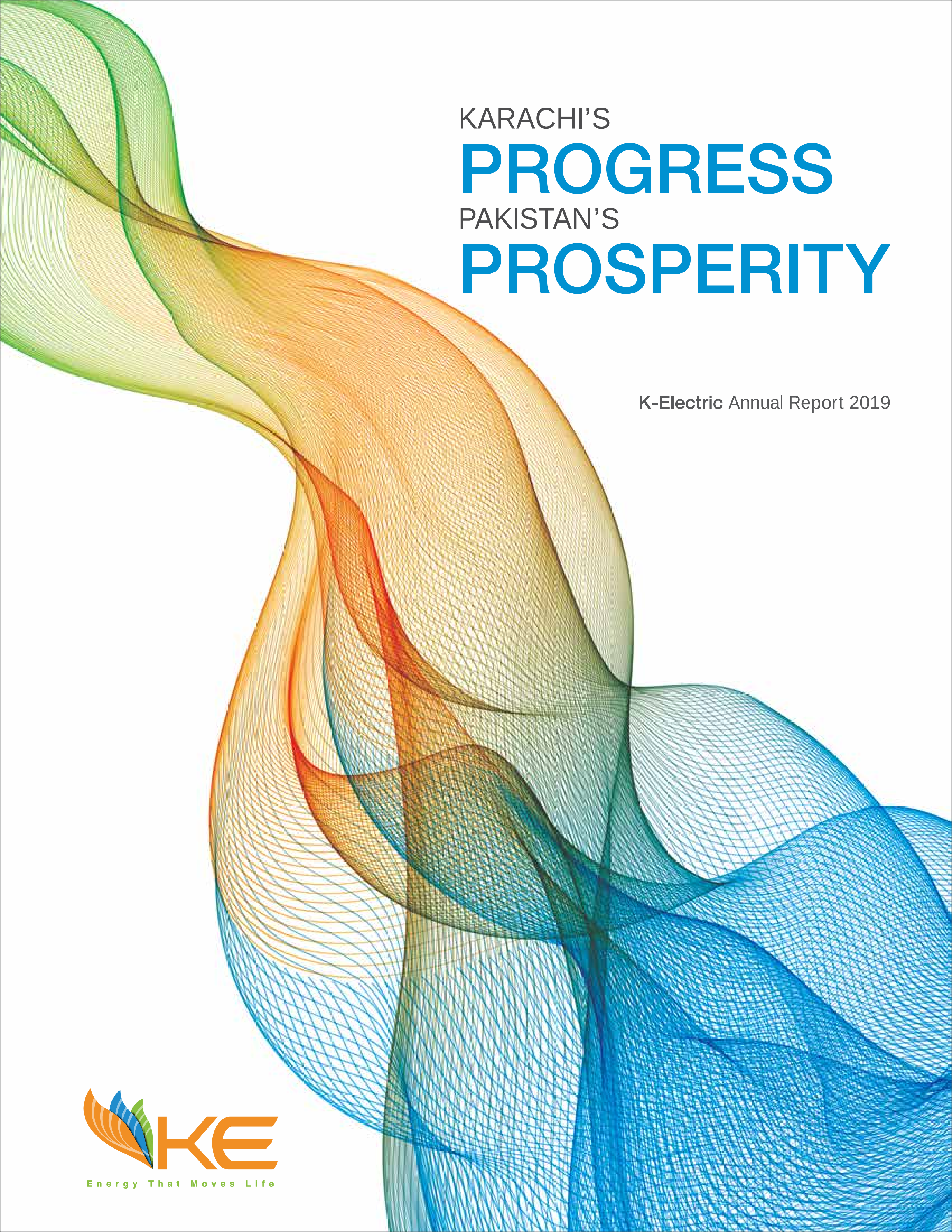
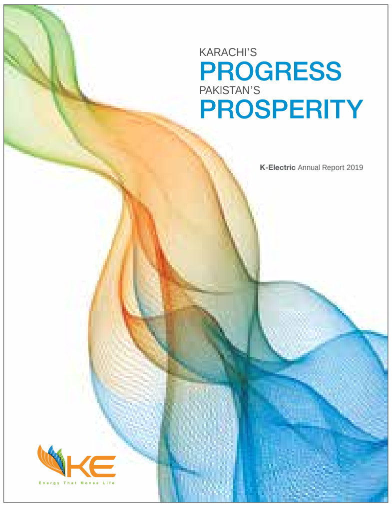
KARACHI'S
PROGRESS
PAKISTAN'S
PROSPERITY

K-Electric Annual Report 2019



Energy That Moves Life



KARACHI'S
PROGRESS
PAKISTAN'S
PROSPERITY

K-Electric (KE) has brightened Karachi for over a hundred years. It is the only vertically integrated power utility in Pakistan that engages in the generation, transmission and distribution of electric energy to Karachi and its surrounding areas.

KE is proud to be one of the most dynamic institutions in the country and the organisation aspires to continuously serve Karachi and its surrounding areas with even greater vigour and vitality.

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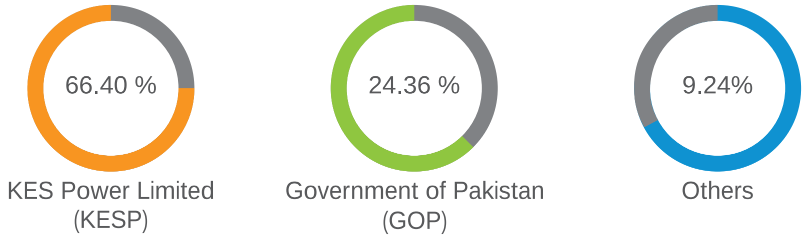
COMPANY PROFILE

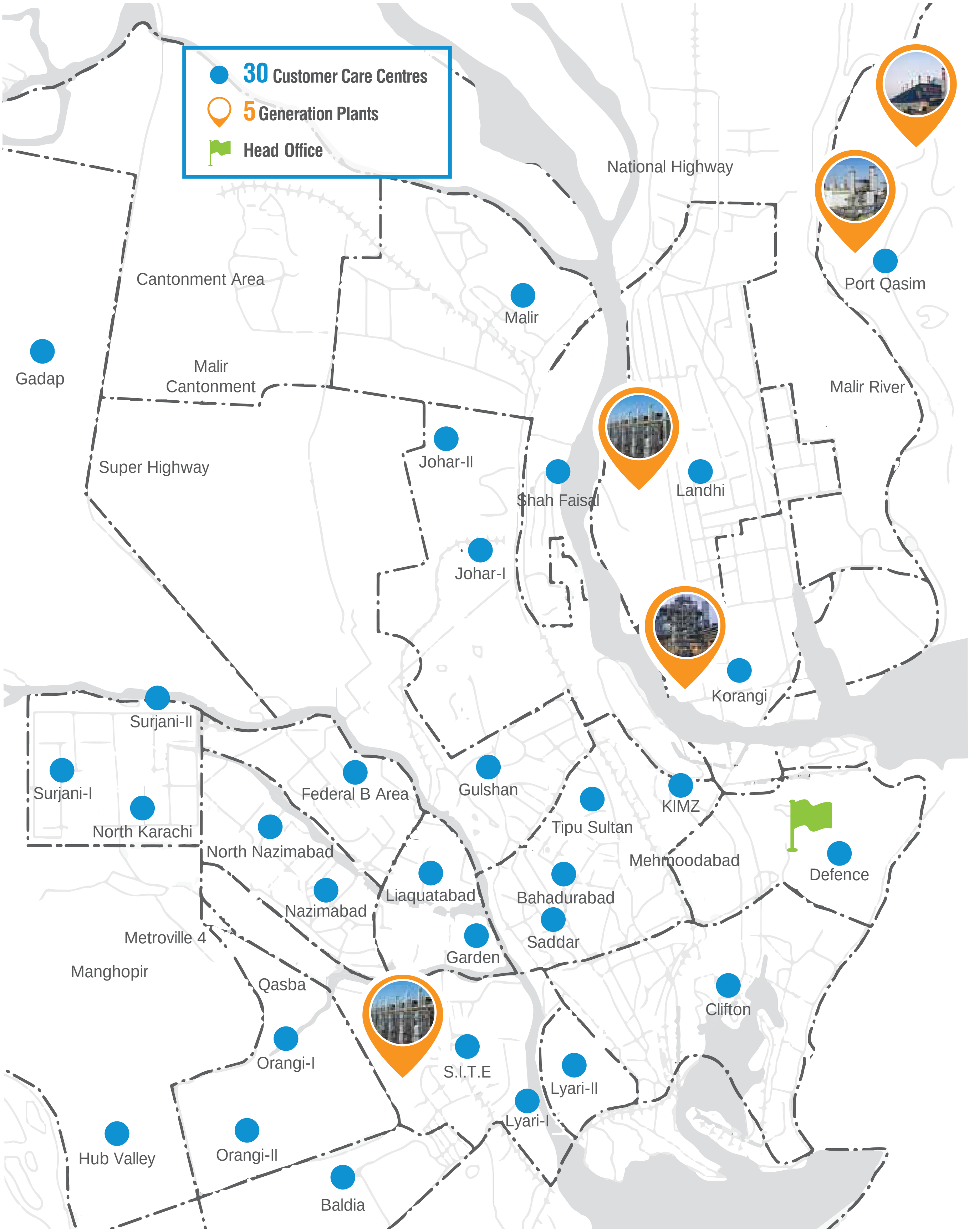
K-Electric Limited, formerly known as the Karachi Electric Supply Corporation, was established on September 13, 1913, to meet the power needs of Karachi. Starting from 2009, the next ten years proved to be the advent of a new age for the organisation and for the city it serves, alongside its surrounding areas.

With a key focus on value creation, new strategies were introduced at every level, including environment, social, and governance policies. As a result, the organisation posted a profit for the first time in 17 years in 2011-12, and was rebranded under its current name of K-Electric in 2014. As of today, over 70% of the service territory is load-shed free, with 100% exemption to industries. Transmission and Distribution losses have decreased by 16.8% points between 2009 and 2019.

Like the city it serves, K-Electric has come a long way in the past one hundred years. The past ten years have been especially significant for the utility as it evolved and grew alongside the city it serves. With an eye on the future, we aim to become a regional leader among utilities and an example of global excellence in energy provision and management.

Holding Structure of the Company:





With its current capacity of five power plants and 30 Customer Care Centres, along with planned initiatives to translate into investments of around USD 3 Billion in the next four years, K-Electric has multiple plans in place which will enable greater prosperity for Karachi and its surrounding areas, whilst helping to empower the economy of Pakistan.

COMPANY INFORMATION

Board of Directors (BOD)

Riyadh S. A. A. Edrees	Chairman
Syed Moonis Abdullah Alvi	Chief Executive Officer
Khalid Rafi	
Adeeb Ahmad	
Chaudhary Khaqan Saadullah Khan	
Dr Ahmed Mujtaba Memon	
Jamil Akbar	
Mubasher H. Sheikh	
Muhammad Abid Lakhani	
Ruhail Muhammad	
Shan A. Ashary	
Syed Asad Ali Shah Jilani	
Waseem Mukhtar	

Board Audit Committee (BAC)

Khalid Rafi	Chairman
Ch. Khaqan Saadullah Khan	Member
Mubasher H. Sheikh	Member
Syed Asad Ali Shah Jilani	Member

Board Human Resource & Remuneration Committee (BHR&RC)

Khalid Rafi	Chairman
Ch. Khaqan Saadullah Khan	Member
Shan A. Ashary	Member
Syed Moonis Abdullah Alvi	Member

Board Finance Committee (BFC)

Ruhail Muhammad	Chairman
Ch. Khaqan Saadullah Khan	Member
Dr Ahmed Mujtaba Memon	Member
Shan A. Ashary	Member

Board Strategy & Projects Committee (BS&PC)

Ch. Khaqan Saadullah Khan	Chairman
Adeeb Ahmad	Member
Jamil Akbar	Member
Shan A. Ashary	Member
Syed Moonis Abdullah Alvi	Member
Waseem Mukhtar	Member

Board Risk Management & Safety Committee (BRM&SC)

Khalid Rafi	Chairman
Dr Ahmed Mujtaba Memon	Member
Mubasher H. Sheikh	Member
Syed Moonis Abdullah Alvi	Member

Board Regulatory Affairs Committee (BRAC)

Shan A. Ashary	Chairman
Ch. Khaqan Saadullah Khan	Member
Syed Asad Ali Shah Jilani	Member
Syed Moonis Abdullah Alvi	Member

Chief Financial Officer
Muhammad Aamir Ghaziani

Chief People Officer & Company Secretary
Muhammad Rizwan Dalia

Chief Internal Auditor
Asif Raza

Legal Adviser
Abid S. Zuberi & Co.

External Auditors
Messrs A.F. Ferguson & Co.
Messrs BDO Ebrahim & Co.

Share Registrar
CDC Share Registrar Services Limited
CDC House, 99-B, Block "B", SMCHS, Main Shahrah-e-Faisal, Karachi. Office: 111-111-500

Bankers
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Bank Islami Pakistan Limited
Bank of Punjab
Bank of China Limited, Shanghai Branch
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
First Women Bank Limited
Habib Bank Limited
Industrial & Commercial Bank of China Limited
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Standard Chartered Bank (UK)
Summit Bank Limited
United Bank Limited

Registered Office
KE House, 39-B, Sunset Boulevard, Phase-II,
Defence Housing Authority, Karachi, Pakistan

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UAN: 111-537-211

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Attendance in BOD Meetings

(held during the period, when concerned director was on the Board)

S.No.	Name	Meetings held	Meetings attended
01	Muhammad Tayyab Tareen	7	5
02	Ikram Ul Majeed Sehgal	3	3
03	Syed Moonis Abdullah Alvi	7	7
04	Khalid Rafi	7	7
05	Aziz Moolji	7	0
06	Akhtar Zaidi	1	1
07	Ch. Khaqan Saadullah Khan	7	7
08	Dr Aamer Ahmed	1	1
09	Dr Ahmed Mujtaba Memon	7	6
10	Fredric Sicre	7	1
11	Hassan Nasir Jamy	2	2
12	Mubasher H. Sheikh	7	7
13	Nayyer Hussain	7	7
14	Omar Khan Lodhi	5	0
15	Shan A. Ashary	7	4
16	Waseem Mukhtar	1	1
17	Muhammad Zubair Motiwala	7	7
	During review period: Hassan Nasir Jamy replaced Dr Aamer Ahmed (Dec 14, 2018); Ikram ul Majeed Sehgal replaced Muhammad Tayyab Tareen (Jan 18, 2019); Akhtar Zaidi replaced Omar Khan Lodhi (Apr 15, 2019); and Waseem Mukhtar replaced Hasan Nasir Jamy (Apr 15, 2019).		

Attendance in BAC Meetings

S.No.	Name	Meetings held	Meetings attended
01	Khalid Rafi	6	6
02	Ch. Khaqan Saadullah Khan	6	4
03	Mubasher H. Sheikh	6	5
04	Nayyer Hussain	6	6

Attendance in BHR&RC Meetings

S.No.	Name	Meetings held	Meetings attended
01	Khalid Rafi	3	3
02	Nayyer Hussain	3	2
03	Syed Moonis Abdullah Alvi	3	3

Attendance in BFC Meetings

S.No.	Name	Meetings held	Meetings attended
01	Shan A. Ashary	4	3
02	Khalid Rafi	4	3
03	Nayyer Hussain	4	3
04	Muhammad Tayyab Tareen	4	2

Attendance in BS&PC Meetings

S.No.	Name	Meetings held	Meetings attended
01	Muhammad Tayyab Tareen	1	1
02	Khalid Rafi	1	1
03	Nayyer Hussain	1	1
04	Shan A. Ashary	1	0
05	Syed Moonis Abdullah Alvi	1	1

No Board Meeting was held outside the Country by the Company during the year.

CHAIRMAN'S MESSAGE & REVIEW

Riyadh S.A.A Edrees
Chairman

It gives me immense pleasure to present this review report pertaining to the overall performance of the Board and the effectiveness of its role to attain business objectives. As Chairman of the Board, my fundamental belief is to ensure adherence to the corporate governance regulatory framework and to lead the Board of Directors in effectively managing the Company's strategic direction, whilst safeguarding the interests of its stakeholders.

During FY 2019, the Board continued to work towards a stronger corporate governance framework. The fundamental objective remained and will continue to remain fortifying a culture that ensures adherence to the law, strong commitment towards code of conduct and compliance with the best corporate governance practices. During FY 2019, the collective contributions and efforts of our Board members allowed the Board to discharge its fiduciary responsibilities. With commendable commitment from Management, we were able to clear the backlog of pending financial statements for FY 2017, FY 2018 and FY 2019 in a span of less than 12 months.

This also marks another successful year of transformational change for K-Electric (KE). Growing alongside the city and the people it serves, KE is continuing to power Karachi, along with its surrounding areas. By adopting various efficiency and development programmes based on the latest technologies, over 70 % of the city is now free from load-shed, versus 23% ten years ago, with 100% exemption to industries since 2010. KE's transformation story has played an important role in the realisation that privatisation of DISCOs is one means through which Pakistan's power sector can be strengthened.

Since 2009, KE has invested over USD 2.4 Billion across its business segments and in the next four years, the Company has planned initiatives which would translate into investments of around USD 3 Billion. These investments across the entire power value chain will result in the closing of gaps in the system while simultaneously preparing Karachi for a self-sufficient power future. KE is setting up BQPS-III, a 900 MW RLNG power plant, at its Bin Qasim Power Complex. In addition to a state-of-the-art, highly efficient generation plant running on the Combined Cycle Gas Turbine (CCGT) configuration, the project also includes upgradation of associated transmission infrastructure.

The TP-1000 project, which is 90% completed, will go a long way in improving the Transmission network by adding 1,000 MVA to KE's system thereby resulting in a more efficient transmission of around 800 MW of electricity.

Among our challenges which include socio-economic dynamics of Pakistan's largest metropolis, receivables from government entities remain a major concern for the Company, which also had a significant impact on the Company's cashflow position during the year. The Company remains in continuous engagement with government entities and is hopeful for a fair and amicable resolution to the issue of circular debt in an expedient manner, which would enable the Company to ensure sustainability in operations and to further the improvement trajectory.

KE is committed to engaging with its community partners beyond the provision of power and the day to day routine. Currently, KE supports 16 leading philanthropic organisations operating in the areas of healthcare and education, with free or subsidised power, thus enabling them to focus their resources towards serving those who need their support the most. KE's community engagement efforts also include hosting of area clean-up drives, medical camps, on-ground kiosks for new connection and meter applications.

The transformation of an organisation as large as KE would not be possible without a dedicated team. Driven and united by their passion, the true force behind KE's transformation is its people. From the vision of its Leadership to the countless hours put in by the staff, KE's employees at every level, have proven their dedication to the work above and beyond the call of duty. Be it torrential rains, disorder in the city or a religious holiday, KE's male and female employees alike give it their all.

With a clear vision to power the economic engine of the nation, and a commitment to continue investing and growing with the city, KE will remain a catalyst of change for good for the city of Karachi and for Pakistan at large.

CEO'S MESSAGE

Syed Moonis Abdullah Alvi
Chief Executive Officer

"The goal of what we're doing is to positively influence the lives of the people we serve."

Over K-Electric's one hundred and six year history, the past ten have been about the Company's transformation, as evident in various aspects of our business and operations. With our brand promise "Energy That Moves Life", KE continued its efforts to brighten lives by building capacity to deliver uninterrupted, safe, and affordable power to Karachi and its neighbouring areas in FY 2019.

With the unwavering dedication of our employees, business best practices, and significant investments across the entire power value chain, our key objective remains to positively impact the mega-city we serve. From 2009 to 2019, KE invested over USD 2.4 billion across the power value chain. This has resulted in the addition of 1,057 MW of efficient generation capacity whereas the Transmission and Distribution capacities have been enhanced by 42% and 64% respectively. Additionally, Transmission & Distribution losses stood at 19.1% as of FY 2019, down from 35.9% in FY 2009.

During the year, we also achieved the implementation of key initiatives. For Generation, we continued our journey towards becoming self-sufficient with the initiation of a USD 650 million investment in a state-of-the-art 900 MW RLNG fired power plant (BQPS-III). For Transmission, the TP-1000 project, of over USD 450 Million, has progressed swiftly, and 6 grid stations have been commissioned. To manage the growing power demand, KE added 150 MW from the National Grid through three wind power plants in June 2019, while 50 MW Gharo Solar IPP came online in December 2019. This is a testament of KE's long-term commitment to increase the share of renewable power sources within its energy mix. In Distribution, our focus remained on growing our network and strengthening it to ensure greater reliability and safety of power supply, enabling better customer service. More initiatives are planned, translating into investments of around USD 3 billion over the next four years. KE is committed to completing the planned projects on a fast track basis.

We also launched the next leg of our community engagement activity under the umbrella of Project Sarbulandi. Through this platform, we will actively and strategically collaborate with communities, driving socio-economic uplift, with initiatives ranging from provision of safe drinking water, better waste management to other activities around health, safety and sports. Our Social Investment Programme (SIP), which provides free or subsidised electricity to 16 different institutions focused on health and education, benefitted over 4.9 million people in 2019. The Plant for Pakistan initiative, which originally began with the target of planting 120,000 tree, has now crossed 200,000 trees.

KE is playing a pivotal role in Pakistan's improved ranking in the World Bank's Ease of Doing Business Index. We have significantly reduced the turnaround time for acquiring new connections in line with efforts to support Karachi's economic growth. We accomplished this by providing New Connection Forms free of cost and by digitalizing the entire application process, including payments. These and other initiatives have contributed to an improvement in Pakistan's ranking by 36 points from last year to reach 108 in the World Bank's Ease of Doing Business Index 2020. In the parameter of Getting Electricity, Pakistan improved by 44 points to reach the 123rd spot. This helped Pakistan emerge among the top 20 reformers globally with initiatives in six indicators under the Ease of Doing Business score, which includes the Getting Electricity indicator. The KE Live mobile application, with currently over 100,000 downloads, is testament to our commitment to be accessible to our customers 24/7. The mobile application, introduced to both Android and iOS users, gives our customers access to multiple features such as billing, historical data, consumption comparisons, real-time power status, the ability to report power theft, and lodge complaints.

We also focused on building a more diverse and culturally open environment for employees. With the world evolving around us, at KE we understand the importance of diversity, inclusion, and equal opportunity, and how these areas can directly and indirectly impact the economy of Pakistan. An industry-first in 2019 was the empowerment of women within the Energy Sector of Pakistan. KE inducted the first-ever female Meter Data Maintenance Officers (MDMO) and Meter Inspection Officer (MIO). We also hired KE's first ever female Head of Safety at a power plant. Along with diversifying our field teams, we continue to induct more women into management level roles across the organisation, including most recently, the hiring of the Company's first female C-Suite executives since the transformation began.

Lastly, I wish to thank our stakeholders for their support in KE's journey over the last decade. It is your support which fueled our resilience in challenging times, paving the path of our transformation. Inn sha Allah, we will continue to drive business objectives with passion and dedication, powering this mega-city which is vital to Pakistan's economy.

OUR VISION

To restore and maintain pride in KE, Karachi and Pakistan.

OUR MISSION

Brightening lives by building the capacity to deliver uninterrupted, safe and affordable power to Karachiites.

NOTICE OF 109TH ANNUAL GENERAL MEETING

Notice is hereby given that the 109th Annual General Meeting (AGM) of K-Electric Limited will be held at Pearl Continental (PC) Hotel, Grand Ball Room (Ground Floor), Club Road, Karachi on Wednesday, June 03, 2020 at 10:30 Hours to transact the following business:

Ordinary Business

1. To confirm minutes of the Annual General Meeting (AGM) held on November 04, 2019.
2. To consider and adopt the annual audited financial statements of the Company (with the Directors' and Auditors' Reports thereon) for the year ended June 30, 2019.
3. To appoint External Auditors for FY 2020 and fix their remuneration.
4. Any other business with the permission of the Chair.

By order of the Board

Muhammad Rizwan Dalia
Chief People Officer & Company Secretary
K-Electric Limited
Karachi, May 12, 2020

Note:

(i) Due to evolving threat posed by COVID-19 (Corona Virus) pandemic, Securities & Exchange Commission of Pakistan through its Circular No. 05 of 2020 dated March 17, 2020 has directed companies to consider provision of video link facilities. If any shareholder wants to avail video link facility, a signed scanned copy of following information along with their Computerized National Identity Card should be emailed to KE officials whose contact details are available in Note (iii):

I / We,_______________of _______________ being a member of K-Electric Limited, holder of ____________ ordinary shares as per registered Folio No./CDC Account No.__________________ hereby opt for video conference facility at ________________.

____
Signature of member

The decision, if any, to hold the 109th Annual General Meeting entirely through video link solution will be communicated to the shareholders through appropriate means

(ii) In line with Securities & Exchange Commission of Pakistan's Circular No. 10 of 2020 dated April 01, 2020 and due to evolving threat posed by COVID-19 (Corona Virus) pandemic, Financial Statements of the Company are not being disseminated through CD. Instead, the AGM Notice and audited Financial Statements for FY 2019 may be accessed at:

PSX Financials Link: **https://financials.psx.com.pk/**
KE Website Financials Link: **https://www.ke.com.pk/investor-relation/financial-data/**

(iii) For any assistance in the matter and requirement of soft copy of AR 2019, members may feel free to contact Amjad Mustafa or Irfan Uddin at:

1. Amjad Mustafa
   Email: amjad.mustafa@ke.com.pk
   SMS: 0346 8207486
   WhatsApp: 0336 3133427

2. Irfan Uddin
   Email: irfan.uddin@ke.com.pk
   SMS: 0346 8209032
   WhatsApp: 0344 2995616

(iv) The Share Transfer Books of the Company, for the purpose of attending AGM, will remain closed from May 28 to June 03, 2020 (both days inclusive). Transfer received at **CDC Share Registrar Services Limited (CDCSRSL), CDC House 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi- 74400** by the close of business on May 27, 2020 will be treated in time.

(v) A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A proxy must be a member of the Company.

(vi) Duly completed forms of proxy must be deposited with the Company Secretary at the KE **Corporate Affairs Department, First Floor, Block-A, Elander Road Power House, Off I.I. Chundrigar Road, Karachi-74200** no later than 48 hours before the time fixed for the meeting. Scanned copy of Proxy Form may be emailed to us at amjad.mustafa@ke.com.pk or irfan.uddin@ke.com.pk

(vii) Members (non-CDC) are requested to promptly notify to the Share Registrar of the Company, CDC Share Registrar Services Limited (CDCSRSL), **CDC House 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400** of any change in their addresses. All the shareholders holding their shares through the CDC are requested to please update their addresses with their participants.

CDC account holders will further have to follow the undermentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

A. For Attending the Meeting

(i) In case of individuals, the account holders or sub-account holders, whose registration details are uploaded as per the regulations shall authenticate his/her identity by showing his/her **ORIGINAL** CNIC or **ORIGINAL** passport at the time of attending the meeting.

(ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies

(i) In case of individuals, the account holders or sub-account holders, whose registration details are uploaded as per the regulations shall submit the proxy form as per the below requirement.

a) Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

b) The proxy shall produce his / her valid **ORIGINAL** CNIC or **ORIGINAL** passport while attending the meeting physically.

(ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form to the Company.

(iii) The proxy form must be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

(iv) If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

C. Postal Ballot

Members may exercise their right to vote by means of postal ballot i.e. by post or through electronic mode subject to the requirements of section 143-145 of the Companies Act 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.

Submission of Copy of CNIC/NTN Certificate (Mandatory)

Members are requested to please provide valid copy of CNIC/NTN Certificate to their respective Participant/CDC Investor Account Services in case of Book Entry Form, or to Company's Share Registrar (CDCSRSL) in case of Physical Form, duly quoting thereon Company's name and respective folio number.

Transmission of Annual Audited Financial Statements and Notice of Meeting through Email (Optional)

Further, pursuant to SECP's SRO dated 08 September 2014, members desirous of having Company's financial statements / Notice of Meeting through email are requested to fill-in the requisite form available at the Company's website: http://www.ke.com.pk.

BOARD OF DIRECTORS

Riyadh S. A. A. Edrees
Chairman

With nearly 25 years of experience across the fields of Construction, Finance, Oil & Gas and Telecommunications and Academics, Mr Riyadh currently serves as Chairman of Privatisation Holding Company, Chairman of Meezan Bank - Pakistan, Vice Chairman of Noortel and a Board member in the following companies, Noor Financial Investment, Ikarus Petroleum Industries, Markaz Energy Fund, Kuwait Ceramic Company, Investment Committee of Bouniyan Fund of the Kuwait Investment Co., Middle East Complex for Eng., Electronics & Heavy Industries Company and Saudi International Petrochemical Company. He also currently serves as the Deputy Chief Executive Officer - Investments and Mega Projects, National Industries Group, Holding Kuwait, a group with which he has been involved for twenty years. Mr Riyadh holds a BSc in Chemical Engineering from the University of Newcastle upon Tyon and an MSc in Chemical Engineering from Kuwait University.

Syed Moonis Abdullah Alvi
Chief Executive Officer

Mr Moonis Alvi was appointed CEO and Board member of the Company in June 2018. Mr Alvi has more than 28 years of diversified experience in the finance industry, with a focus towards driving operational efficiencies, financial planning and capital restructuring. Mr Alvi joined K-Electric in 2008 and has served as K-Electric's Chief Financial Officer. He has also served as KE's Company Secretary and Head of Treasury and has played an integral role in the transformation of K-Electric. He is a Fellow member of the Institute of Chartered Accountants of Pakistan.

Khalid Rafi
Independent Director

Mr Rafi is an Independent Director, elected at the AGM of the Company held on October 8, 2012, and also Chairman of the Board Audit Committee. Mr Rafi was a Senior Partner at A. F. Ferguson & Co., Chartered Accountants, a member firm of PricewaterhouseCoopers LLP, for 20 years. He was also the President of the Institute of Chartered Accountants of Pakistan and of Management Association of Pakistan. Mr Rafi is a Chartered Accountant, being a Fellow at the Institute of Chartered Accountants in England and Wales.

Adeeb Ahmad
Non-Executive Director

Mr Ahmad's career spans over 30 years with premier multilateral, leading private equity firms and several international investment banks primarily in the Gulf region. He has held C-suite positions engaged in multi-sectoral asset management, private equity investments and M&A across multiple emerging markets, including Pakistan. He has raised and led several large funds, managed landmark investments, and led several M&A advisory assignments. His last role was as Senior Advisor to the CEO (& Deputy CEO-Designate) at Islamic Corporation for the Development of the Private Sector (ICD) in Saudi Arabia. Mr Ahmad holds an M.Sc. from the London School of Economics, United Kingdom, and an MBA from the Institute of Business Administration, Karachi, Pakistan. Other Engagements: Chairman, Al-Shaheer Corporation Ltd.

Ch. Khaqan Saadullah Khan

Non-Executive Director

Mr Khan has been a Non-Executive Director of the Company since October 2015. Mr Khan joined The Abraaj Group as a Director in 2015. Prior to this, he was an Investment Officer in the International Finance Corporation. Mr Khan has also worked as an Investment Consultant in the Board of Investment, Government of Pakistan, and as a manager in Ernst & Young's Transaction Advisory Services group based in Chicago. He has previously served on the Boards of Agritech Limited and Shakarganj Food Products Limited. Mr Khaqan holds a BA in Economics from Northwestern University, US, and is a CFA charter holder. Other Engagement: Director, The Abraaj Group; Byco Petroleum Pakistan Limited.

Dr Ahmed Mujtaba Memon

Non-Executive Director (GOP Nominee)

Dr Ahmed Mujtaba Memon represents the Government of Pakistan and was appointed on the Board of KE in June 2018. He is the Additional Finance Secretary in the Finance Division and has previously served as Director-General (IOCO) in the Federal Bureau of Revenue (FBR) as well as serving in various capacities at the Pakistan Customs Service. He has also worked with the Asian Development Bank on a project as the Secretary Trade Export Promotion and Industrialisation in the FBR. His academic qualifications include an MBBS, an MA (Economics) and an MBA (Finance). Other Engagements: Member – Board of Directors, NESPAK.

Jamil Akbar

Non-Executive Director

Mr Akbar has over 20 years of multinational experience in general management, strategy, real estate development, private equity and turnarounds. His most recent role was Country Head and COO, Emaar Pakistan. Previously, he worked with the Abraaj Group on Pakistan investments, including an operational and turnaround role at K-Electric. He has also been Chief Internal Auditor at GlaxoSmithKline Pakistan, and began his career with KPMG UK. Mr Akbar holds an MBA from INSEAD, is a Chartered Accountant from the Institute of Chartered Accountants in England & Wales (ICAEW) and holds a BEng. (Mechanical) from Imperial College (UK). Other Engagement: Director, Al-Shaheer Corporation

Mubasher H. Sheikh

Non-Executive Director

Mr Sheikh has been a Non-Executive Director of the company since its privatisation in November 2005. He joined the National Industries Group (Holding), Kuwait, in 2001 and is currently Chief Financial Officer. He is also a Non-Executive Board member in Proclad Group Limited Dubai and a Board member in Ikarus Petroleum Industries, Kuwait. He graduated with a degree in mathematics and statistics from the University of Punjab and is a Chartered Certified Accountant UK (FCCA). Other Engagements: Chief Financial Officer, National Industries Group, Kuwait. Board member: Proclad Group Limited, Dubai; Ikarus Petroleum Industries, Kuwait.

Muhammad Abid Lakhani

Non-Executive Director (GOP Nominee)

A businessman by profession with forty years of experience, Mr Abid Lakhani is the Chairman of The Abid Lakhani Group, which for over four decades has been involved in the fields of Construction, Education and Financial Services. He served as the Chairman of Platinum Commercial Bank (now known as Bank Islami), amongst various other senior positions over the course of his business career. A passionate philanthropist, Mr Abid Lakhani, through the university he established (ILMA University), has disbursed over PKR 202 million in scholarships to various deserving students in search of higher education. With his involvement in the Real Estate and Construction sector, Mr Abid Lakhani has enabled the creation of 12,000 residential and commercial units that range from luxury livings, to shopping complexes to middle income housing.

Ruhail Muhammad

Non-Executive Director

Mr Muhammad's career spans over 30 years in general management, business development, strategy, financial planning and people development. He has held various C-suite positions in companies focused on a diverse range of activities from Chemicals to Energy to Polymer production. He is currently the CEO of Hub Power Holdings Ltd, a subsidiary of HUBCO, Pakistan’s largest IPP. He is responsible for managing the growth portfolio of HUBCO, including existing coal-based power plants. Responsibilities include evaluating onshore & offshore acquisitions, project financing, economic evaluation of all growth projects and financial re-engineering to support the growth vision of the company. Previously, he was the CEO of Engro Fertilizers from 2012-2018. He has served on the Boards of Engro Corp and various Engro subsidiaries including as Chairman of Engro Vopak and Engro LNG Terminal. In addition, he has also served on the Boards of Pakistan Institute of Corporate Governance, British Overseas School, KP Energy Board (PEDO) and as Chairman of Pakistan Mercantile Exchange Limited. He is a CFA Charter Holder and holds an MBA degree from Institute of Business Administration, Pakistan. He has attended the Advance Management Program at INSEAD as well as a Agri-Business certification from the Harvard Business School.

Shan A. Ashary

Non-Executive Director

Mr Ashary has been a Non-Executive Director of the Company since its privatisation in November 2005. He is a senior executive with over forty years of proven success in managing international investments, operations of a large diversified group, finance, treasury, public accounting, and strategic and corporate planning. He currently serves on the boards of several companies in the US and the Middle East. He is a Fellow of the Institute of Chartered Accountants of England and Wales. Other Engagements: Investment Adviser, Al-Jomaih Holding Co. (Saudi Arabia).

Syed Asad Ali Shah Jilani

Non-Executive Director

Mr Shah, a Chartered Accountant, has over 35 years of experience in governance, audit & assurance, consulting, financial advisory and tax services. Currently engaged in his own professional practice the name of Asad Ali Shah Associates, Chartered Accountants, he was previously the Managing Partner of Deloitte Pakistan, a member of Deloitte Touche Tohmatsu LLC, one of the top four global professional services firms in the world. In addition, he serves as member of Prime Minister’s Task Force on Austerity and Government Restructuring and as a member on the Policy Board of the Securities and Exchange Commission of Pakistan. He also Chairs the Board of Pakistan Refinery Limited. He also remained Advisor to Chief Minister Sindh on Finance, with status of Minister, President of the Institute of Chartered Accountants of Pakistan and member of International Federation of Accountants, the global body representing accounting profession on worldwide basis.

Waseem Mukhtar

Non-Executive Director (GOP Nominee)

Mr Waseem Mukhtar represents the Government of Pakistan and was appointed as Non-Executive Director on the Board of KE in April 2019. With more than 25 years of experience at the Provincial and Federal Government levels, covering policy implementation and formulation in the arena of corporate management, public financial management, project management and public service delivery, Mr Mukhtar currently serves as Additional Secretary, Power Division, Government of Pakistan. Mr Mukhtar has previously served as Managing Director of Utility Stores Corporation and National Fertilizer Marketing Limited.

LEADERSHIP

Syed Moonis Abdullah Alvi

Chief Executive Officer

Mr Moonis Alvi was appointed CEO of K-Electric in June 2018. Mr Alvi has more than 28 years of diversified experience in the finance industry, with a focus towards driving operational efficiencies, financial planning and capital restructuring. Mr Alvi joined K-Electric in 2008 and has served as K-Electric's Chief Financial Officer, Company Secretary and Head of Treasury. He is a Fellow member of the Institute of Chartered Accountants of Pakistan.

Amer Zia

Chief Distribution Officer

Chief Distribution Officer of KE, Mr Zia leads a team of over 7,000 employees. With over 30 years of experience in electrical power sector, Mr Zia worked with USAID-Power Distribution Programme and the National Electric Power Regulatory Authority (NEPRA). Prior to that he also worked with WAPDA. He also served as an independent consultant with the World Bank through the Competition Commission of Pakistan. He has a Bachelor's and a Master's degree in Electrical Engineering from UET Peshawar and Bradley University USA respectively, and an MBA in Project Management.

Dale Sinkler

Chief Generation & Transmission Officer

Mr Dale Sinkler brings over 25 years of experience in the power sector ranging from energy sector reforms to development, execution, operations and management across multiple power plants. He has served as the Co-founder of O&M Solutions. His presence of fifteen years in this part of the world is a testament to his dedication to Asia's emerging markets and particularly Pakistan.

Mahreen Aziz Khan

Chief Marketing & Communication Officer

Mahreen Aziz Khan has over 19 years of experience in strategic communications, media, and public policy. Ms Khan previously was a strategic communications consultant for the World Bank and Australian Aid with a focus on advocacy and communications for public policy delivery. She has also worked with local and international media, most notably BBC World Television, and held key positions in a variety of public and private entities including the United Nations in Kosovo.

Ms Khan graduated in law from Cambridge University and went onto to qualify as a Barrister-At-Law from Inner Temple. Ms. Khan has a Master's in Public Policy (MPP) from Harvard University's Kennedy School of Government, with specialisations in Strategic Management of Organisations, Political Advocacy & Leadership, Media and Politics. Ms. Khan regularly lectures at the National School of Public Policy and at the National Police Academy.

Muhammad Aamir Ghaziani

Chief Financial Officer

Mr Aamir Ghaziani has more than 20 years of experience in areas of accounting, financial management, risk management, policy reforms, regulatory compliance and business turnarounds. He joined K-Electric in 2008. Before becoming KE's Chief Financial Officer, he also led KE's Corporate planning and Regulatory compliance function. He is a Fellow member of the Institute of Chartered Accountants of Pakistan (ICAP) and has also attended executive management programmes at INSEAD and other prestigious institutions.

Muhammad Rizwan Dalia

Chief People Officer & Company Secretary

Mr Muhammad Rizwan Dalia was appointed as Chief People Officer in March 2018. In addition, he serves as the Company Secretary reporting to the Board of Directors. He joined K-Electric in 2008 and before moving to HR he had served in senior roles in the Finance and Corporate Affairs functions, playing a key role in driving K-Electric's turnaround over the past decade. Mr Dalia did his Articleship from A. F. Ferguson & Co. (a member firm of PricewaterhouseCoopers), and served at Pakistan State Oil from 2001 to 2007 in diverse roles in the Finance function. Mr Dalia is a Fellow of the Institute of Chartered Accountants of Pakistan and a Certified Director from the Pakistan Institute of Corporate Governance. He is also a member of the Board of Governors for Pakistan Society for Training & Development (PSTD) and a member of Executive Committee for Pakistan Society for Human Resource Management (PSHRM).

Naz Khan

Chief Strategy Officer

Ms Khan is a seasoned professional with over 25 years of experience across both financial services and industry. Prior to joining KE, she was the Managing Director of X-Petroleum and has also served as Chief Financial Officer of Engro Corporation at a time when the company saw a series of restructurings, divestitures and IPOs of subsidiaries as well as growth through two landmark projects of LNG Terminal and Thar Coal and Power. Prior to Engro, Ms Khan was the Chief Executive Officer of KASB Funds Limited. Her association with Pakistan's capital markets spans over 20 years where she was actively involved in the primary and secondary markets for debt and equity. She currently serves on the Boards of Shell Pakistan, Pakistan Stock Exchange, Fauji Fertilizer Bin Qasim and UBL Fund Managers amongst others. Ms Khan has a Bachelor's degree in Economics from Mount Holyoke College, USA.

BOARD COMMITTEES TORS

Board Audit Committee (BAC) - Terms of Reference (TOR)

a. Determination of appropriate measures to safeguard the company's assets;

b. Review of Annual and Interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

   (i) major judgmental areas;
   (ii) significant adjustments resulting from the audit;
   (iii) going concern assumption;
   (iv) any changes in accounting policies and practices;
   (v) compliance with applicable accounting standards;
   (vi) compliance with CCG regulations and other statutory and regulatory requirements; and
   (vii) all related party transactions;

c. Review of preliminary announcements of results prior to external communication and publication;

d. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e. Review of management letter issued by external auditors and management's response thereto;

f. Ensuring coordination between the internal and external auditors of the listed company;

g. Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the Internal Audit function has adequate resources and is appropriately placed within the company;

h. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

i. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

j. Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

k. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body;

l. Determination of compliance with relevant statutory requirements;

m. Monitoring compliance with the CCG regulations and identification of significant violations thereof;

n. Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

o. Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The Board of Directors shall give due consideration to the recommendations of the Audit Committee and where it acts otherwise it shall record the reasons thereof;

p. Consideration of any other issue or matter as may be assigned by the Board of Directors.

Board Human Resource & Remuneration Committee (BHR&RC) - Terms of Reference (TOR)

a. Recommend to the Board for consideration and approval, a policy framework for determining remuneration of Directors (both executive and non-executive Directors and members of senior management). The definition of senior management will be determined by the Board which shall normally include the first layer of management below the Chief Executive Officer level;

b. Undertaking annually, a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;

c. Recommending Human Resource management policies to the Board;

   - all proposals requiring mandatory / statutory approval of the Board of Directors.
   - all proposals on development, revision, modification and/or interpretation of human resources policies.

d. Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer;

e. Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of Chief Operating Officer, Chief Financial Officer, Company Secretary and Chief of Internal Audit;

f. Consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer or Chief Operating Officer;

g. Where Human Resource and Remuneration Consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company;

h. Reviewing and approving on behalf of the Board of Directors all matters relating to implementation of the human resources related proposals previously approved by the board; and

i. Recommending to the Board to may make such changes in the mandate of the committee as it may deem fit from time to time.

Board Finance Committee (BFC) - Terms of Reference (TOR)

a. To review and discuss on an ongoing basis an effective system for managing the financial risks faced by KE.

b. To review and discuss financial strategy and plan together with an annual budget (including balance sheet, profit & loss and functional cash flow) and KPIs prior to submission to the Board for approval.

c. To review and discuss capex program together with financial commitment and financing strategy.

d. To review financial policies and transactions which have material financial impact such as tariff, cost of fuel, etc.

e. To review and discuss treasury management to ensure efficient management of cash to reduce financial cost (i.e. effective management of balance sheet and profit & loss items).

f. To review and discuss annual financing plan and requirements with respect to:
   * running finance;
   * short-term, medium-term facility; and
   * L/C facilities and bank guarantees etc.

g. To carry out monthly / quarterly review and discussion of MIS reports with respect to code provisions, to ensure major variances are identified and corrective action taken in a timely manner to minimize financial losses.

h. To review insurance policy of the Company.

i. To undertake any other assignment entrusted by the Board of Directors.

Board Strategy and Projects Committee (BS&PC) - Terms of Reference (TOR)

a. Review the performance of the Company in meeting strategic objectives.

b. Periodically reviewing the mission, vision and strategic plan, and recommending changes to the Board.

c. Review of the Company's overall performance on the Annual Strategy Plan by monitoring the Key Performance Indicators (KPIs) bi-annually.

d. Understanding the organisation's industry, market/community, and core competencies. Keeping up-to-date on industry and local market trends, advances in technology and other opportunities to improve the scope, cost effectiveness and quality of services provided by the organization.

e. Have the authority to bring external industry experts into board meetings from time to time to discuss topics of interest related to strategy in order to stimulate ideas and strategic thinking by directors.

f. To identify and review progress on major Generation, Transmission, Distribution and other projects to achieve strategic objectives and materialize long-term business plan of the Company.

g. To undertake any other assignment entrusted by the Board.

CODE OF CONDUCT

Following are the salient features of the Code of Conduct (Code) of K-Electric Limited (KE) intended to assist its Board Members and Employees in meeting the standards of professional and personal integrity expected and required of them. Compliance with the Code is mandatory for all KE Board Members and Employees and deemed to be a part of the employment contracts/appointment letters for all KE Board Members/Employees. Contravention of the Code is regarded as misconduct and forms the basis for termination of Employee's association with KE.

Salient Features of Code

1. Conflict of Interest

KE Board Members/Employees must be alert to any situation that could compromise the position of trust they hold as a KE Board Member/Employee and avoid any kind of conflict between personal interests and those of KE.

Each Board member/employee has a primary responsibility to the Company and is expected to avoid any activity that could interfere with that responsibility. Board Members/Employees should not engage in activities or transactions which may give rise to, or which may be seen to be giving rise to, any conflict between their personal interests and the interests of the Company. Such a conflict could arise in a number of ways and in a number of situations and may have to be individually assessed by the Board member/employee in each individual scenario.

2. Confidentiality

KE Board Members/Employees must protect confidential information and trade secrets and prevent such information from being improperly disclosed to others inside or outside KE.

3. Contributions

KE Board Members/Employees may not use their position to coerce or pressure employees to make contributions or support candidates or political causes.

4. Inducement Payments

KE Board Members/Employees must refrain from bringing in outside pressure or influence to attain personal gains within the organization.

KE Board Members/Employees shall neither ask for nor receive money or any personal benefit (material or non-material) from a supplier or contractor in exchange for an order for goods or services.

5. Health and Safety.

KE Board Members/Employees must comply with all applicable laws and KE policies relating to safety, health and the environment.

6. Trading in Company's Shares

Certain restrictions/reporting requirements are applied on the Directors/employees regarding trading in Company's shares. They shall make sure that they remain compliant with these statutory requirements.

7. Workplace Harassment

KE Board Members/Employees will maintain an environment that is free from harassment of any kind and in which all Board Members/Employees are equally respected.

8. Compliance with the Code

KE Board Members/Employees must read, understand and comply with the Code at all times during their association with the Board/Company. Any violation to the Code or any applicable law or regulation, must be reported so that KE can take appropriate action.

Code of Conduct is available on KE Website

DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present the Company's Annual Report together with the audited financial statements for the year ended June 30, 2019. These accounts are delayed due to finalisation of the Multi-Year Tariff (MYT) which now stands notified and effective. However, considering the reduction in the tariff level along with change in tariff structure having significant implications, K-Electric (KE) has filed its concerns with the Appellate Tribunal to be taken up by the Tribunal, once it is functional.

Financial Performance

		2019	2018
REVENUE	(+33.2%)	Rs. 289,119 Mn	Rs. 217,127 Mn
EBITDA	(-3.7%)	Rs. 31,236 Mn	Rs. 32,422 Mn
NET PROFIT	(+40.3%)	Rs. 17,274 Mn	Rs. 12,312 Mn
EARNINGS PER SHARE	(+40.3%)	Rs. 0.63	Rs. 0.45
TOTAL ASSETS	(26.4%)	Rs. 598,865 Mn	Rs. 473,698 Mn
TOTAL EQUITY	(+3.5%)	Rs. 214,489 Mn	Rs. 207,293 Mn
RETURN ON PPE[1]	(+0.85pp)	Rs. 5.29%	Rs. 4.44%
RETURN ON EQUITY	(+2.11pp)	8.05%	5.94%

1. PPE: Property, Plant & Equipment

During the Financial Year 2019, KE invested Rs. 39,983 Million in all core functions, resulting in sustained improvements in key operational indicators, including reduction in T&D losses from 20.4% in FY 2018 to 19.1% in FY 2019, along with gains from higher units sent-out (FY 2019: 17,697 GWh; FY 2018: 17,419 GWh).

Driven by these operational improvements, the Company's gross profit increased by 12% as compared to last year (FY 2019: Rs. 50,706 Million; FY 2018: Rs. 45,297 Million). However, as a result of a one-off adjustment in respect of public sector receivables, significant rupee depreciation and increase in finance cost to fund the working capital requirements due to continuous accumulation of government receivables and delays in determination of tariff variations, a corresponding improvement in profit before tax was not witnessed.

KE, within the MYT mid-term review filed with NEPRA, has taken up the issue of working capital along with other factors (as detailed in later section of this report), and expects that necessary adjustments will be allowed in tariff, enabling continued investments, ultimately benefitting consumers in the form of safe, reliable and uninterrupted power supply, while also having a positive impact on the Company's financials.

Operational Performance

In line with its objective of delivering safe and reliable supply of power to its consumers amidst multiple challenges, the Company has invested over USD 2.4 Billion across the energy value chain between 2009 to 2019. It is noteworthy that despite the uncertainty and delays around tariff finalisation, during the last three years alone, the Company has invested over USD 960 Million, which is a testament of the Company's commitment towards its consumers.

Driven by these investments of over USD 2.4 Billion since 2009, 1,057 MW of efficient power generation capacity has been added to KE's generation fleet resulting in overall fleet efficiency improvement from 30% in FY 2009 to 37% in FY 2019, Transmission and Distribution (T&D) losses have reduced by 16.8% points and T&D capacity has been enhanced by 42% and 64% respectively. These investments have resulted in over 70% of the service territory being exempt from load-shed today, with 100% exemption to industries since 2010.

While delays and uncertainty around tariff finalisation has impacted project timelines, the Company has remained resolute in its commitment to invest across the value chain and improve service levels. In this regard, following the tariff notification in May 2019, the planned projects, including the 900 MW RLNG Project (BQPS-III) are being pursued on a fast track basis. These planned projects, along with Company's continuous stride for bringing operational improvements through targeted investments and technological innovations, will further the improvement trajectory, thus benefitting consumers at large.

Continued Investments across the Value Chain

Aligned with its vision to provide uninterrupted power supply along with improved system reliability and service levels, the Company is making continuous investments in capacity addition, technological advancements for improved network performance and safety and protection of its network.

To manage the increasing power demand, KE is making continuous strides towards efficiency improvements and increase in despatch capacity through additions in own generation fleet as well as external sources. On the self-generation front, KE is setting up BQPS-III, a 900 MW RLNG power plant, at its Bin Qasim Power Complex. Notice to Proceed (NTP) was issued to the Project Contractor in December 2019 and work has been initiated at the project site. In addition to a state-of-the-art, highly efficient generation plant comprising of two 450 MW units, running on the Combined Cycle Gas Turbine (CCGT) configuration, the project also includes upgradation of associated transmission infrastructure.

Regarding fuel supply for BQPS-III plant, competitive bidding for procurement of RLNG has been initiated to ensure that competitive fuel prices are secured. Further, as an alternative, considering that the Government of Pakistan (GoP) already has commitments of 800 MMCFD of RLNG supply, discussions for supply of RLNG through GoP's committed quantities are also in progress.

To enhance the generation capacity, subsequent to the year end, the 50 MW Gharo Solar IPP achieved Commercial Operations Date (COD) in December 2019, taking the total capacity of renewables to 250 MW.

Further, with the objective of enhancing its transmission capacity and improving the overall reliability of its transmission network, the Company has made significant progress on its over USD 450 Million TP-1000 Project, resulting in capacity enhancement and improved reliability. Over 90% of the project has been completed, with expected completion later this year. Under the TP-1000 project, to-date, 6 grid stations have been added along with the energisation of 26 power transformers, culminating in an addition of over 900 MVAs to power transformation capacity.

As part of loss reduction initiatives, the Company, to date has converted around 8,000 Pole Mounted Transformers (PMTs) to Aerial Bundled Cable (ABC), which has enabled the Company to significantly reduce its T&D losses and ultimately benefit consumers through increase in percentage of load-shed exempt areas. Moreover, the Company has made technological advancements including installation of Automated Meter Readers (AMRs) at PMT level and implementation of Meter Data Management System (MDMS) Project, providing greater visibility into network performance, which will enable the Company to make targeted investments in the distribution network.

Liquidity & Capital Structure

Over the period, accumulation of Tariff Differential Claims (TDC) receivables from the GoP along with growing receivables from other government departments and entities have substantially increased the working capital requirements of the Company, which is being managed through extended and continued support from banks.

Financing Update

Guarantee backed financing

In August 2019, KE arranged financing of USD 50 Million equivalent supported by GuarantCo Limited, a UK based Developmental Finance Institution (DFI), to undertake upgradation of Transmission and Distribution infrastructure including installation of theft-resistant ABC. The loan amount was equally split into PKR and USD tranches.

Secured, Rated & Listed Sukuk

The Company is in the process of issuing secured, rated & listed Sukuk of up to Rs. 25 Billion (inclusive of Green Shoe option of Rs. 5 Billion) which will be the largest ever listed Sukuk in Pakistan's private sector. Pre-IPO subscription amounting to Rs. 23.708 Billion was successfully closed through private placement, whereas the remaining portion will be offered to the general public via IPO placement expected in Q4 of FY 2020.

Islamic Commercial Paper

In Q1 FY 2020, the Company raised a total of Rs. 16.3 Billion from capital market through issuance of two distinct 6 monthly, privately placed Islamic Commercial Papers to fund its working capital requirements.

Financing for 900 MW BQPS-III Project

The Company is pursuing its over USD 650 Million 900 MW BQPS-III project on a fast track basis. The project will be financed through a combination of local and foreign loans. In a recent development, the German Export Credit Agency (ECA), Euler Hermes, has accorded its approval for providing ECA insurance cover for financing of the German component of the project, whereas discussions are progressing with Chinese ECA Sinosure and local and foreign banks to ensure timely financial close of the project.

Growing Receivables from Government Entities and Departments

The power sector's circular debt continues to increase, ballooning to levels which may put the overall economic stability in jeopardy. In this regard, the continuous accumulation of KE's receivables from various government entities and departments has remained a major concern for the Company and has had a significant impact on the Company's working capital position.

As of February 2020, KE's net receivables from various Federal and Provincial Public Sector Entities, on principal basis, stand at around Rs. 102 Billion. Here, it is also important to highlight that the amounts claimed by SSGC and NTDC / CPPA are grossly inflated through the inclusion of disputed mark-up, which is a sub-judice matter, pending judgement from the Honourable courts.

Moreover, within the dues receivable from Public Sector Entities, there are certain consumers which are of strategic nature, including Karachi Water and Sewerage Board (KWSB). Despite the accumulated receivables due from KWSB, in view of the Honourable Sindh High Court's order and Government of Sindh's commitment for payment of current bills of KWSB along with KWSB's strategic importance to the city, the Company continues to prioritise and provide uninterrupted power supply to all strategic KWSB pumping stations.

Further, despite the continued accumulation of KE's receivables from government entities and departments, the Company has ensured payments of current monthly bills to key fuel suppliers and IPPs, including SSGC and PSO, to ensure continuity of business operations. It is noteworthy to mention here that had these payments not been made, this may have had an adverse impact on the demand-supply situation within KE's service area, ultimately resulting in increased load-shed. However, these payments have been made on the back of increased borrowings to fund operational and working capital requirements of the Company.

Considering the continuous accumulation of TDC receivables from the GoP and its resultant impact on the Company's cashflow position, subsequent to the year end, the Economic Coordination Committee (ECC) of the Cabinet approved payment of Rs. 26 Billion out of the pending TDC receivables. The TDC payment of Rs. 26 Billion from the GoP will help reduce the strain around Company's cashflow position, enabling the Company to ensure sustainability in operations, including payment to fuel suppliers and IPPs.

Further, on the issue of receivables and payables in relation to government entities, the Company remains in continuous engagements with relevant stakeholders and seeks a fair and amicable resolution, with all settlements whether Federal or Provincial, tabled together under one umbrella.

Update on Tariff related Matters & Mid-Term Review

Subsequent to the year end, NEPRA through its decisions dated December 27, 2019 and December 31, 2019, determined monthly Fuel Charge Adjustment (FCA) for the period July 2016 to June 2019 and quarterly tariff variations for the period July 2016 to March 2019. Within the quarterly tariff variations determination, NEPRA has not included write-off claims filed by the Company for FY 2017 and FY 2018, to further deliberate on the matter. These claims were filed in accordance with the mechanism prescribed within the MYT and the Company remains in continuous engagement with NEPRA for expedient processing of these claims.

Further, in March 2020, based on the mid-term review mechanism included within the MYT, the Company filed its petition for adjustments in the tariff to account for (i) impact of exchange rate variation on allowed Return on Equity (RoE) component, (ii) impact of rupee depreciation on investments and necessary revisions in investment plan due to changes in operational dynamics, service requirements and revision in estimated scope, (iii) impact of working capital requirements of the Company beyond its control, and (iv) other factors including change in KIBOR & LIBOR rates and sent-out growth from NEPRA assumed levels. It is important to consider that since the time of tariff finalisation, there has been significant rupee devaluation along with changes to service requirements and operational situation, including the requirement to set up 500 kV grid stations for off-take of additional supply from the National Grid and learnings from 2019 monsoon rains warranting a revision to the planned investments. Further, continued accumulation of receivables from government entities has resulted in a significant increase in working capital requirements, which is beyond the Company's control. Accordingly, the Company expects that necessary adjustments will be allowed in the tariff, which would enable the Company to make the required investments across the power value chain.

Initiatives to enhance Network Safety & Protection

In view of the learnings from the 2019 monsoon period, the Company has revisited safety procedures and practices for earthing and grounding to make them less prone to theft. In addition, the Company is also undertaking revalidation of earthing and grounding of its network by examining each and every pole within the KE system with a tagging of the same in the system.

Regarding the penalty imposed by NEPRA, the Company has filed a detailed review, explaining that most of the unfortunate incidents occurred inside consumer premises due to faulty wiring, unsafe use of electrical appliances or because of illegal hook connections and the unwarranted placement of TV and internet cables on electricity poles.

Moreover, the Company has filed a Constitutional Petition against Cable Operators Association of Pakistan and Pakistan Telecommunication Access Providers Association (PTAPA) in the Honourable Sindh High Court and is continuously removing these illegal cables from its network through regular engagement with relevant authorities.

It is pertinent to mention that acknowledging the ground realities and operational challenges, including illegal use of electricity poles by TV and internet cable operators, NEPRA has also held consultative sessions wherein the Company shared its recommendations to improve the overall safety of distribution network across the country and the need to create mass safety awareness among the general public.

Further, as part of preparedness for the next monsoon season, the Company has prepared a robust safety plan, which includes upgradation of protection system, replacement of bare conductors with ABC, rehabilitation of stolen or damaged grounding on HT and LT network, Public Accident Prevention Plan (PAPP) and other related projects along with extensive public awareness campaigns.

While KE remains committed to ensure provision of safe and reliable supply of power to its consumers and is taking all necessary measures in this regard, support from relevant authorities is critical to combat external factors including theft of earthing and grounding material and illegal and unsafe use of KE's network.

Coronavirus (COVID-19) – A Global Pandemic

The Word Health Organization (WHO), on March 11, 2020, declared COVID-19 a global pandemic. Being fully cognizant of the important role that it plays in the city of Karachi, the Company exerted all its efforts for smooth and reliable operations in the city, along with ensuring maximum relief to the consumers, including extension in due dates and load-shed exemption across the service territory. Further, to ensure the well-being and safety of its consumers and employees, the Company took measures to reduce human interaction, whilst ensuring that it remains accessible to consumers 24/7 through various forums such as 118 call centre, KE Live and social media.

However, amidst the growing number of cases in the country and the city of Karachi, to respond to the virus, the Provincial and Federal governments took measures including lock-down of the city. Further, the Provincial and Federal governments have also announced relief to certain consumers which will have an adverse impact on the Company's cashflows. The Company has requested both the governments to release KE's pending receivables, and in this regard, the ECC has approved a release of TDC due to KE to the extent of Rs. 26 Billion. This will help the Company to continue to pay fuel suppliers and IPPs, when consumers will have a longer payment term.

Though the impact of COVID-19 on the Company's operational and financial outlook will start to unfold in the coming months, including possible delays in planned project timelines, KE remains committed to providing safe and reliable supply of power, thus improving lives of residents of Karachi and its adjoining areas.

Annual General Meeting for FY 2019

The fundamental reason for delay in holding of the AGM is that the Company did not have the audited financial statements for FY 2019 which could only be prepared on the basis of closing numbers of the financial statements for FY 2018.

The financial statements for FY 2018 were approved by the shareholders at the AGM held on November 04, 2019, and thereafter, finalisation and audit process of financial statements for FY 2019 was expedited and after getting Auditors' confirmation, the Company applied for Securities & Exchange Commission of Pakistan's (SECP) direction to hold AGM for FY 2019 latest by May 15, 2020. However, the SECP on January 02, 2020 issued direction to the Company to hold the AGM for FY 2019 latest by April 15, 2020. Concerted efforts were made in active collaboration with the joint statutory auditors of the Company to hold the AGM for FY 2019 within the specified time limit. The Management team and Auditors worked relentlessly on the assignment and deployed additional resources to complete the process as soon as possible. However, despite best efforts, the audit process could not be completed during February 2020. Eventually, the audit process was completed and audited Financial Statements were provided to the Company on March 18, 2020.

Accordingly, the Board meeting of the Company was immediately scheduled to be held on March 26, 2020. However due to the evolving COVID-19 threat, the Board meeting had to be postponed for two weeks and the SECP was requested to issue fresh direction for the Company to hold the AGM for FY 2019 in the first week of June 2020. SECP issued fresh direction to the Company on April 08, 2020 to hold the AGM latest by June 05, 2020. The Board meeting was held on April 09, 2020, wherein the Board of Directors reviewed and recommended the Financial Statements of the Company for the year ended June 30, 2019 for approval of the shareholders at the AGM on June 03, 2020.

Auditors' Observations

With respect to Auditors' observations in their report to the members, it is informed that:

As explained in Note 30.1.1 to the financial statements, the issue of late payment surcharges / interest on delayed payment will ultimately be settled on a net basis with similar treatment of receivables and payables without accounting for any delayed payment surcharge / interest, and this Company's narrative is duly supported by legal opinions obtained in this respect. However, being prudent, the Company has made a provision on a net basis.

Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017

a) Total number of Directors:	13
a. Female	nil
b. Male	13
Composition	
i. Independent Director	1
ii. Other Non-Executive Directors	11
iii. Executive Director(s)	1

b) The name of members of Board committees are mentioned in "Company Information", under section "Company Profile" to this Annual Report.

c) Board of Directors have a formal policy and transparent procedure for remuneration of Directors in accordance with Companies Act, 2017 and Code of Corporate Governance (CCG), 2017.

d) Details of aggregate amount of remuneration, separately of Executive and Non-Executive Directors, including salary / fee, perquisites, benefits and performance-linked incentives etc. are available in Note 43 of the Financial Statements.

Compliance with the Companies Act, 2017

The financial statements present Company's affairs and a fair review of its state-of-affairs, results of its operations, cash flows and changes in equity. The Company, due to reinvestment requirements and certain lenders covenants, has not declared dividend / bonus shares.

a) The names of the persons who, at any time during the financial year, were Directors of the Company are given in the “Statement of Compliance with CCG”.

b) The principal activities and the development and performance of the Company’s business during the financial year are covered in preceding pages of this Directors’ Report.

c) The principal risk and uncertainties facing the Company are fully described in “Major Business Risks and their Mitigation”, under “Governance & Compliance” section.

d) No change occurred during the financial year concerning the nature of the business of the Company or of its subsidiaries, or any other company in which the Company has interest.

e) There were no contents in regard of modification in the Auditor’s Report.

f) The pattern of shareholding and categories of shareholders are placed under “Shareholders Information” section.

g) KES Power Limited, incorporated in Cayman Islands, is the holding Company of K-Electric.

h) Earnings Per Share (EPS) for the year ended June 30, 2019 was Rs. 0.63 (basic/diluted).

i) The Company has posted profit during the year under review.

j) There were no defaults in payment of any debts during the year under review.

k) A sound financial control system is in place and is regularly monitored by the Board Finance Committee (BFC) and reported to the Board of Directors.

l) The details of Commitments are available under Note 30.3 to the Financial Statements.

m) The main trends and factors likely to affect the future development, performance and position of the company’s business are described under “Future Outlook”.

n) Significant business plans and decisions and impact on the environment have been covered under “Environmental, Social, Governance & Sustainability Management”, under “Governance & Compliance” section.

o) A report on the activities undertaken by the Company in relation to corporate social responsibility during the year under review is placed under “Governance & Compliance” section.

Board of Directors (BOD)

During review and subsequent period, following changes occurred in the Board:

During the review period

1. GoP nominee Mr Hassan Nasir Jamy replaced Dr Aamer Ahmed on December 14, 2018.
2. Mr Muhammad Tayyab Tareen resigned from the position of Director / Chairman and Mr Ikram Ul-Majeed Sehgal was elected as Chairman effective from January 18, 2019.
3. Mr Omar Khan Lodhi and Mr Frederic Sicre resigned from the directorship effective from February 08, 2019.
4. Mr Syed Mohammad Akhtar Zaidi appointed on April 15, 2019 against casual vacancy.
5. GoP nominee Mr Hasan Nasir Jamy ceased to be Director w.e.f. February 13, 2019. GoP nominee Mr Waseem Mukhtar replaced him on April 15, 2019.
6. Mr Aziz Moolji resigned from the directorship of the Company effective from May 06, 2019.

Post Balance-sheet date

7. Mr Adeeb Ahmad appointed as Director effective from July 04, 2019 against casual vacancy.
8. Mr Syed Mohammad Akhtar Zaidi resigned from the directorship on July 29, 2019.
9. Mr Muhammad Zubair Motiwala retired from the directorship on July 30, 2019.

Election of Directors was held at the AGM on July 30, 2019 and following directors were elected/re-elected:

1. Ikram Ul-Majeed Sehgal
2. Syed Moonis Abdullah Alvi
3. Khalid Rafi
4. Adeeb Ahmad
5. Chaudhary Khaqan Saadullah Khan
6. Dr Ahmed Mujtaba Memon
7. Mubasher H. Sheikh
8. Muhammad Abid Lakhani
9. Nayyer Hussain
10. Ruhail Muhammad
11. Riyadh S. A. A. Edrees
12. Shan A. Ashary
13. Waseem Mukhtar

Subsequently, Mr Nayyer Hussain and Mr Ikram ul-Majeed Sehgal resigned from the directorship of the Company effective from September 18, 2019 and November 06, 2019 respectively. Whereas Mr Jamil Akbar and Mr Syed Asad Ali Shah filled-up the casual vacancies on the Board on September 25, 2019, and January 27, 2020 respectively. Mr Riyadh S.A.A. Edrees has been appointed as Chairman with effect from April 09, 2020.

The Board wishes to place on record appreciation for services of outgoing Directors and welcomes the incoming Directors.

Auditors

The present statutory joint auditors, A.F. Ferguson & Co. and BDO Ebrahim & Co. have retired and, being eligible, offered themselves for re-appointment. BAC has recommended re-appointment of A.F. Ferguson & Co. as statutory auditors of the Company for the FY 2020.

Acquisition by Shanghai Electric Power

Shanghai Electric Power (SEP), in October 2016, entered into a Sale and Purchase Agreement (SPA) with KES Power Limited (holding company) to acquire up to 66.4% shares in the Company, subject to receipt of applicable government approvals and satisfaction of other conditions precedent specified therein.

Despite delays in the required approvals and a lapse of over 3 years, this strategic investor has reiterated its keenness. With an aggressive investment plan catering to the needs of the entire power value chain, SEP's acquisition of a controlling stake in the Company will prove to be a game changer in transforming Karachi's power infrastructure in line with international standards for a smooth electricity supply. Accordingly, SEP's aggressive investment plan along with KE's planned initiatives of around USD 3 Billion, would result in a greater positive impact for KE's customers and Karachi, while also facilitating economic growth in Karachi and Pakistan, thus setting a precedent in the power sector at large.

Incorporation of a Private Limited Company to establish Renewable Energy and other Projects

Subsequent to the year end, the Board of Directors of the Company at its meeting held on February 28, 2020 approved, in principle, to undertake renewable energy and other projects and for the purpose, decided to incorporate a private limited company which would be a wholly owned subsidiary of K-Electric Limited, subject to obtaining statutory and other requisite approvals and completion of the required actions.

Future Outlook

KE is a dynamic organisation that has demonstrated its resilience and determination to grow and thrive, overcoming multiple challenges in its107-year journey since inception in 1913. Firm on its vision of providing safe and reliable power to all its consumers, the Company's planned initiatives will translate into investments of around USD 3 Billion over the span of four years, spread across the entire power value-chain, resulting in energy self-sufficiency and propelling the socio-economic growth of Karachi and resultantly Pakistan.

On the generation front, KE targets construction of 900 MW BQPS-III power plant in the most expeditious manner along with the consequent decommissioning of less efficient and less reliable Units 3 & 4 of BQPS – I. The first unit of 900 MW plant is planned to come online in summer of 2021, with full completion of the project scheduled for the end of 2021. In this regard, while the recent outbreak of COVID-19 pandemic may impact the project timelines, the Management is closely monitoring the progress and is fully committed to the planned timelines.

Further, as part of the 900 MW project, to ensure reliable evacuation of power from 900 MW BQPS-III power plant, the system load flow has also been reviewed and for this, simultaneous investments will be made in transmission projects based on geography of the load demand requirement.

In addition, KE is also working rigorously towards its planned 700 MW Coal Project, in collaboration with China Machinery Engineering Corporation (CMEC), at Port Qasim, Karachi. KE's 700 MW Coal Project would not only enable KE to bridge the power demand-supply deficit within its service area, but would also help KE phase away its less efficient units of BQPS - I, running on expensive furnace oil, thus diversifying KE's fuel mix and resulting in material savings to the national exchequer.

Land for the planned 700 MW Coal Project has already been acquired along with approved tariff from NEPRA. However, tariff notification from the Ministry of Energy (Power Division) is pending, which has already resulted in delays in planned commercial operations of the 700 MW project. Moreover, given the construction period of around 3 years for a coal-fired power plant, further delays in tariff notification would adversely impact the already delayed project timelines and ultimately the demand-supply situation in KE's service area. Accordingly, KE continues to pursue the tariff notification for its 700 MW Coal Project vigorously and considering the delays in project timelines, the Company is also evaluating alternate sources of supply to manage the projected power demand-supply deficit.

While KE remains committed to its planned generation projects including the 900 MW RLNG based Power Plant and 700 MW Coal IPP on a fast track basis, the Company is also in discussions with relevant stakeholders for supply of additional power from the National Grid, including 500 MW from KANUPP II/III projects, subject to technical study and necessary approvals. In this regard, post completion of technical study and the required approvals, related interconnection works which include setting up of 500 kV grid stations, will commence and the expected completion time for which is around 3 years. The off-take of additional supply from the National Grid would also help reduce the burden of idle capacity payments in the power sector, which has been one of the key contributing factors towards the circular debt issue.

In addition to the above, with the objective of diversifying its fuel mix, KE plans to set up 100 MW of solar installations in the Balochistan area along with associated upgradation works in the transmission network, which would contribute towards improved power supply in the region.

Further, to achieve a load-shed free Karachi, the Company is scaling up its efforts to combat power theft, by converting existing high loss PMTs to ABC. Thus far, around 8,000 PMTs have been converted to ABC. In support of this vision, KE has launched Project Sarbulandi, a flagship initiative aimed at uplifting areas which are subjected to load-shed due to chronic theft and defaulting of payments. Project Sarbulandi is aimed towards improvements in network health to provide safe and reliable electricity, network enhancement through complete installation of ABC, mitigation of commercial losses and upliftment of areas through community engagement activities. Coupled with an effective governance mechanism to support investments made, it will help in achieving loss reduction and improving recoveries in these chronic areas leading to realisation of a load shed free Karachi.

Further, to improve network performance and enable KE to make targeted investments in its distribution network, the Company has made technological advancements including installation of AMRs at PMT level and implementation of MDMS Project, which will enhance transparency and efficiency in billing of high end consumers and network governance to a real time basis, resulting in significant improvement in reliability of power supply.

Also, as in previous years, the Company will continue to prioritise safety in all operations and remain firm in its commitment to ensure the safety of its employees, infrastructure and consumers. To enhance safety of the overall network, a detailed safety roadmap has been prepared, which includes initiatives including revalidation of earthing and grounding of the network and upgradation of protection equipment. In addition, the Company continues to engage with all relevant stakeholders including policymakers, administrative bodies and regulatory bodies to highlight civic challenges that arise from a significant part of Karachi being unplanned, which affect the integrity of utility infrastructure. Further, the Company continues to appeal to all concerned bodies to play their due role in ensuring an enabling environment for the power utility to operate by enforcing basic urban development protocols in a planned manner across the city.

Customer-centricity has remained a core organisational value and the Company remains in continuous pursuit of introducing technological innovations, bringing its customers closer and enabling self-service solutions. With a focus on customer-centricity, KE launched the KE Live mobile application, providing customers with 24/7 access to their billing history, consumption pattern and power status. Other features include the ability to report power theft and to lodge complaints. Since launch, the KE Live App has been downloaded over 100,000 times. This reaffirms the Company's commitment to be accessible to customers 24/7.

As part of diversification strategy of the Company, Management is incorporating a wholly owned subsidiary that would become the investment arm of the Company for different initiatives in the energy sector in Pakistan. Initially, the scope of the projects that the subsidiary would be exploring involves investments in the renewable energy space. With the falling prices of technology and lowering of tariffs of renewable energy generation, the Company aims to increase its share of renewables in the energy fuel mix. This would enable the Company to generate clean and affordable energy for its customers as well as provide value to shareholders.

While the Company remains committed to the planned investments, aligned with the vision to deliver safe and reliable power supply along with greater levels of customer centricity, through innovation and technological advancements, growing receivables from various government owned entities is a major challenge faced by the Company. The continuous accumulation of receivables from these entities impacts the cashflow position of the Company and resultantly its ability to undertake the planned investments in a timely manner. In this regard, the Company would continue to engage with all relevant stakeholders and seeks a fair and expedient resolution to the issue of circular debt.

Challenges due to Delay in Sale Process

Despite a lapse of over three years since the signing of SPA in October 2016, government approvals required for completion of SEP's acquisition of a 66.4% stake in KE are still pending, and accordingly the sale process could not be concluded. This has resulted in consequential delays in implementation of SEP's investment plan which will enable accelerated improvements and technological advancements across the power value chain, ultimately having a positive impact on consumers and the economy at large. Furthermore, this unusual delay in completion of the transaction may also result in compromised investor sentiments, possibly discourage foreign investment and private sector participation, thus setting a negative precedent for future privatisation of state-owned entities in the power sector.

Conclusion

In conclusion, the Company continues to engage with relevant governmental, regulatory and other external entities in order to ensure an enabling and pro-investment environment for the power sector at large and for the Company in particular, as Pakistan's only privatised and vertically integrated power utility.

With collective support from all stakeholders, the Company continues to maintain a positive outlook for the future and looks towards profitable and sustainable growth while also strengthening service provision to the customers.

Acknowledgements

The Board wishes to extend its gratitude to the Government of Pakistan (GoP), shareholders and customers of the Company for their cooperation and support, and appreciation for the employees of the Company.

For and on behalf of the Board,

Syed Moonis Abdullah Alvi
Chief Executive Officer

Khalid Rafi
Director

Karachi, April 09, 2020

GENERATION

During the year, KE continued to perform various maintenance activities in order to enhance fleet performance and capacity.

Under the rehabilitation programme for Bin Qasim Power Station I (BQPS-I), "Generation Long Term Investment Plan" (GLTIP), Unit 6 underwent an overhaul for turbine efficiency and generator overhauling was done as well. This activity provided an augmentation of 13 MW capacity and around 1% increase in efficiency. At BQPS-II, two gas turbines underwent a major overhaul and generator rotor replacement activity. In addition, major overhauling was carried out at GT-1 of KCCPP.

At SITE Gas Turbine Power Station (SGTPS), 30 GE Jenbacher engines' and alternators successfully underwent OEM recommended maintenance activity. Furthermore, successful commissioning of grid enhancement and modification under TP-1000 project was completed during the year.

In FY 2019, KE continued to achieve international recognition in the areas of asset and energy management. During the year, the Company was awarded:-

- ISO 55000, Asset Management System (BQPS-II, KCCPP)
- ISO 50001, Energy Management System (BQPS-I, SGTPS, KGTPS)

Additionally, the Local Fabrication Cell (LFC), created in 2012 to mitigate the high costs of OEM spares at KE generating stations, developed and delivered 125 parts during FY 2019.

Upcoming Projects

Pursuant to its commitment to providing an uninterrupted and efficient supply of electricity to Karachi and its surrounding areas, KE continues to develop a diversified portfolio of medium to long-term projects.

Project contracts for 900 MW RLNG-fired power project (BQPS-III) have been concluded. Notice to Proceed (NTP) was issued to the Project Contractor in December 2019 and work has been initiated at the project site. Regarding fuel supply for BQPS-III plant, competitive bidding for procurement of RLNG has been initiated to ensure that competitive fuel prices are secured. Further, as an alternative, considering that the Government of Pakistan (GoP) already has commitments of 800 MMCFD of RLNG supply, discussions for supply of RLNG through GoP's committed quantities are also in progress. The 900 MW project, of which KE will have complete equity, is based on F-Class machines and is expected to be commissioned in 2021.

KE is also engaged with different Independent Power Producers (IPPs) for potential power off-take under long-term arrangements. Considering the growing power demand, KE plans to develop a 700 MW Coal Power Project in partnership with China Machinery Engineering Corporation (CMEC) and timely completion of this project is critical for the power demand-supply outlook of KE's service area.

In addition, Gharo Solar (50 MW), an IPP based project achieved Commercial Operations in December 2019 and is supplying clean energy into KE's system under a long-term Energy Purchase Agreement (EPA). KE plans to add more renewable projects within KE's licensed jurisdiction and is currently evaluating three solar projects under IPP mode, at Vindar, Uthal, and Bela in Baluchistan, with a total installed capacity of 100 MW.

In view of the projected demand-supply outlook within KE's service area, the Company is also in discussions with relevant stakeholders for off-take of additional power from the National Grid, including 500 MW from K2/K3 projects, subject to technical study and required approvals.


FIRE POINT

TRANSMISSION

With a vision to restore Karachi as the City of Lights and continue KE's transformation into a customer focused organisation, various expansion, maintenance and development plans were formulated and implemented. In order to bring about a sustainable change, relentless efforts were made through which the capacity and reliability of the transmission network has increased.

To meet the accelerating load growth of the city, major investments were made in the transmission network on account of which as of FY 2019, KE's transmission network comprises of total 1,283 km of 220 kV, 132 kV, and 66 kV transmission lines, 68 grids, 16 auto transformers and 160 power transformers.

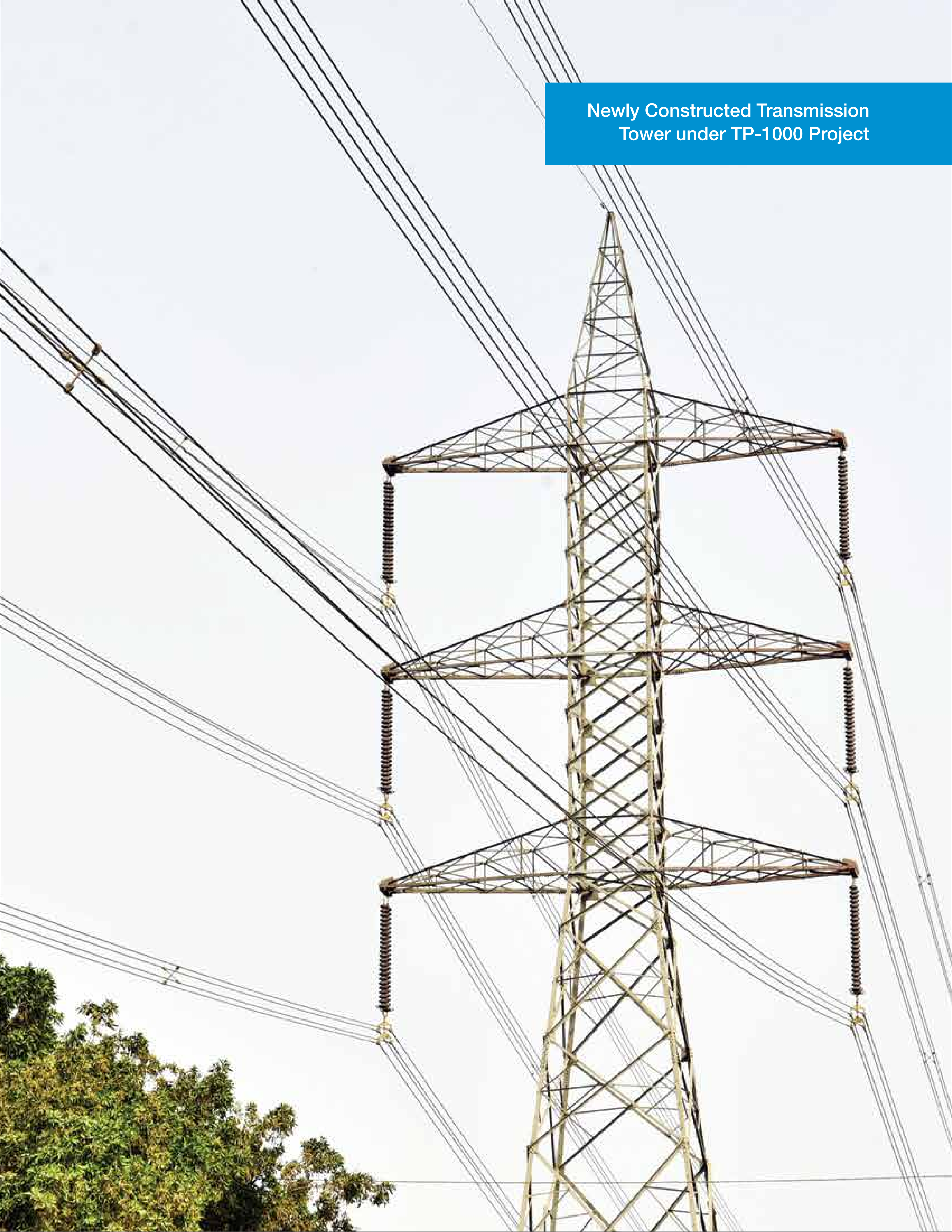
Further, the TP-1000 Project, amounting to over USD 450 million, was conceived to meet the growing load demand of Karachi. Under the TP-1000 project, so far 6 grid stations have been added, along with the energisation of 26 power transformers and rehabilitation of over 39 km of transmission lines. The project is on course for successful completion later this year. The state of the art “Disaster Recovery Centre (DRC)” facility is also commissioned under this project which will serve as backup for KE's Load Dispatch Center.

Other projects:
By FY 2019, 62 out of 80 GIS bays were overhauled as part of a three-year project and the remainder are on course for timely completion. Furthermore, transmission line rehabilitation projects are also underway in which existing insulators will be replaced with Room Temperature Vulcanizing (RTV) coated ones, thereby improving the reliability of circuits near the coastal belt.

Other than the aforementioned projects in FY 2019, 13 new power transformers were added to the system at various locations to curb overloading. 100 11 kV switches were installed in FY 2019, accumulating to a total of 717 since July 2014, demonstrating the Company's effort to upgrade the grid system. The replacement of obsolete current/ potential transformers, circuit breakers and relays have also contributed to achieving greater system reliability.

Rehabilitation of various EHT transmission lines was done, whereby conductors, insulators and associated hardware were replaced to ensure smooth network operational capability. Furthermore, quarterly line insulator cleaning activities were performed on all 220 kV and strategic 132 kV lines. More than 250 annual preventive maintenance activities were carried out across various grid stations. Thermography (predictive maintenance) is being done regularly to prevent breakdowns. Additionally, some 420 Anti-Bird Protection devices have been installed, mitigating the risk of circuit tripping due to birding.

Enhancement in SCADA systems and functionality is another systematic approach that has enabled to effectively trail and monitor the network remotely.



Newly Constructed Transmission Tower under TP-1000 Project

DISTRIBUTION

With a focus on powering Karachi and positively impacting Pakistan's economy, KE remains steadfast in its commitment to delivering reliable power supply to the residents of Karachi and its adjoining areas. With a service network exceeding 6,500 square kilometers, the Company works round the clock to serve more than 2.8 million customers through a network stretching 29,000 km.

As a result of ten years of continuous investments and a commitment to transformation, KE has successfully made over 70% of its service territory load-shed free with 100% exemption to industries.

Transmission and Distribution losses have declined from 35.9% in FY 2009 to 19.1% as of FY 2019, a key indicator of KE's transformation over the past ten years. Underpinned by our objective to drive innovation, initiatives such as Aerial Bundled Cable (ABC) and 'Aasaan Meter' have been carried out swiftly to aid the downward trajectory of T&D losses and increase customer satisfaction.

The ABC project has been an excellent deterrent to the rampant power theft. KE consistently replaces bare conductors with insulated cables, specially designed to curb theft on an on-going basis. These cables also protect the network against Karachi's humid coastal climate, and results in fewer fault rates and better voltage supply. Thus far, around 8,000 PMTs have been converted to ABC. In support of this vision, KE has launched Project Sarbulandi, a flagship initiative aimed at uplifting areas which are subjected to load-shed due to chronic theft and defaulting of payments. Project Sarbulandi is aimed towards improvements in network health to provide safe and reliable electricity, network enhancement through complete installation of ABC, mitigation of commercial losses and upliftment of areas through community engagement activities. Coupled with an effective governance mechanism to support investments made, it will help in achieving loss reduction and improving recoveries in these chronic areas leading to realisation of a load shed free Karachi.

With the New Connections product line, 'Asaan Meter', in FY 2019, KE successfully energised more than 216,000 meters through easy processing and application transparency for new connections in below 80kW category. Customers can apply at any of KE's 30 Customer Care Centres (CCC) as per their convenience. To further strengthen the network, there is regular maintenance of feeders, resulting in enhanced power reliability and superior customer experience. Additionally, KE added 67 new feeders to the existing system in FY 2019, improving power capacity and reliability.

With respect to bill payment ease, KE's partnerships with various banks has facilitated in bringing additional convenience for customers. KE entered into Utility Bill Payment System (UBPS) agreement with all the major banks for bill collection, through a wide network of bank branch collection counters, their respective ATMs, and post offices. Bill payments are also widely accepted through branchless banking channel via retail shops, exchange companies, and bill payment collection bank booths at selected KE Customer Care Centres. KE's collaboration with banking partners for digital bill payment services i.e. internet banking, mobile banking, phone banking, credit card and debit card bill payment, are also available 24/7 for customers to pay bills with ease, providing an edge over conventional banking.

Mobile Meter Reading is another technological initiative in which meter readers digitally record meter readings. KE has equipped its staff with state-of-the-art handheld devices to take the readings and upload respective data to KE servers.

KE also launched a campaign in 2018 which earned KE the Asian Power Awards for Utility of the Year – Pakistan in 2019. This full-scale campaign focused on the 'crackdown against defaulters and power thieves.' The objective was to facilitate customers and provide various easy payment plans for defaulters to clear outstanding dues, and to clear illegal connections in order to provide relief to affected areas. At the core was the idea to bring about significant behavioral shift in payment patterns of chronic defaulters, convert them to legal connections, and encourage on-time bill payment.

KE introduced SAP-Plant Maintenance for asset maintenance and digitization of various operational processes. Several initiatives including tracking of annual preventive maintenance on key assets of network, digitization of shutdown process, introduction of on-system 'Permit to Work', work order based Corrective and Preventive maintenance, and introduction of Mobility solution for field teams are part of this project. These initiatives have given KE a systematic approach to create, track and monitor some of its key assets, along with better managing outage and maintenance operations.

KE Lineman Repairing
Distribution Infrastructure

CORPORATE VALUES

Values are the guiding principles that form the foundation on which we work and conduct ourselves. They shape the culture and define the character of a company. The key advantage of having a clearly defined set of organisational values is that they guide workplace behaviour, leadership development and decision making.

Our core corporate values come together in the KE CARES system, as outlined below.

CUSTOMER-CENTRIC

We aim to satisfy our customers and all our stakeholders by anticipating their needs and delivering the best possible solutions and services.

ACCOUNTABLE

We take ownership, initiative and responsibility for all our actions and we are honest and fair in all our dealings.

RESPECTFUL

We respect each other in all aspects, and support our communities for societal and environmental well being.

ENERGISED

We are energised to inspire and empower our people to add real value for all stakeholders.

SAFE

We ensure that safety remains our top priority in all our operations and behaviours

IN
OUT
KE
KE

CUSTOMER EXPERIENCE

KE continued to initiate and execute projects aimed at creating a greater customer experience in FY 2019. With ease and convenience as the core driver, the organisation has implemented several technology-driven initiatives. KE's traditional customer service platforms of 118 and 8119 SMS continue to be the main drivers of customer engagement. During FY 2019, 86% of queries were responded to within 20 seconds. KE has also extended its reach to remote areas through area-based Customer Facilitation Centers (CFC) and IBC On Wheels (IOW), offering customer services near their doorstep.

Additionally, in order to augment the customer journey, KE launched its first mobile application, KE Live. The mobile application is designed to facilitate customers beyond physical customer care locations, 24/7. The application was developed using a detailed customer journey mapping process and was launched in the third quarter of FY 2019.

As of date, KE Live has been downloaded over 100,000 times across iOS and Android systems. The application gives users access to several useful features, such as billing details with historic data, duplicate bill download, as well as integrated unit consumption comparative graphs. Other features include live power status update, the ability to report power theft and lodging of complaints. KE Live, alongside the 118 and 8119 customer service platforms, is geared to serve as an additional point of contact for KE customers.

Along with KE Live, the organisation continued using digital communication tools, i.e. social media, to engage with stakeholders regularly. Over one million queries were answered via Facebook and Twitter during the fiscal year. With an average response time of 3 to 5 minutes, KE's social media platforms saw a consistent increase in engagement during the year. KE also engaged with residential and non-residential consumers through an enhanced presence on other digital communication platforms such as Instagram, LinkedIn and YouTube.

ENVIRONMENTAL, SOCIAL, GOVERNANCE & SUSTAINABILITY MANAGEMENT

KE believes in giving back to the communities it serves. Through projects embedded in education, health, environmental management and sports, the Company aims to form deeper ties with society and strengthen its ties to Karachi.

In FY 2019, KE engaged with 40 communities to end power theft and initiate a positive change for residents. Under the umbrella of Project Ujala, KE supported communities in several areas such as in the ambits of education, health and social development. The Company also collaborated with residents for the installations of theft-resistant Aerial Bundled Cables (ABC) and low cost meters. By partnering with the communities within its service area, KE paved the way for a more reliable supply of electricity and consistent voltage.

To ensure maximum engagement with the communities, KE connects with social, political and spiritual influencers within communities. Additionally, free health camps and medicines, as well as clean-up drives, are arranged for communities who are interested in moving towards legal connections within KE's distribution and billing system. Through these different engagement activities, the communities benefit from improved energy access and KE manages to reduce losses, strengthen its network, directly impacting the business. In FY 2019, over 10,000 community residents were treated at the health camps across Lyari, Malir, Shah Faisal, Orangi, Manghopir and Sohrab Goth amongst others. Since the start of Project Ujala, over 5,400 PMTs have been converted to ABC, and over 5 million people have benefitted.

Social Investment Programme (SIP)

Under SIP, KE provides subsidised electricity to 16 social welfare organisations in the city, including schools and major hospitals such as SIUT, TCF, Indus Hospital, LRBT, The Kidney Center and SOS Children's Village among others. Under the SIP programme, more than 4.9 million people have benefitted.

KE also has a key focus on youth engagement and knowledge sharing. The Company collaborates with universities to invite students' visits to its power plants. To date more than 10,000 students have been part of KE's youth engagement platforms.

Under KE's Plant for Pakistan campaign, KE had pledged to plant 120,000 trees across the city to help combat climate change. By FY 2019, the organisation successfully planted over 200,000 trees. Surpassing the initial target became possible due to the involvement of over 12,000 youth and KE representatives who worked together to make this happen.

KE
MALC

ENERGY MANAGEMENT INITIATIVES

In FY 2019, KE's Energy Conservation function continued its mission to drive awareness on the importance of energy management and conservation. With 78% of its energy production being consumed by the Residential segment, a strategic awareness programme was initiated for women coming from different areas of the metropolis. Since women are chiefly responsible for a major portion of the household affairs including expense management, they can play a pivotal role in determining energy usage and its timely payment. The sessions informed and encouraged women to analyse individual household energy consumption and how and through what efforts they may conserve energy, enabling & empowering them to gain control over their electricity bills. This aims at garnering greater financial savings for users and at the same time add value to the attached environment.

Additionally, teams conducted awareness sessions among female students of several Non-Profit Organisations (NPOs) involved in vocational training and skill enhancement. Sessions were aimed at imparting basic electricity consumption management skills and to make them aware on rudimentary energy conservation techniques and practices.

Another essential element was a detailed briefing on how better they can understand and make use of the information provided in KE's printed bill, including historical consumption data. This entire activity resulted in activation with more than 10,000 females and mobilised their energy conservation and efficiency.

Under the detailed energy management framework of ISO 50001, KE's Energy Conservation teams conducted 24 energy audits for different industrial and commercial customers. Audit findings led to a combined carbon footprint reduction of more than 8,500 MT.

In FY 2019, 720 surveys were conducted. These resulted in a release of 76.8 MVA of apparent power and a carbon footprint reduction of 89,523 MT. As part of KE's concerted efforts towards providing effective demand side management services to its industrial consumers, KE continued the Power Factor Improvement Programme (PFIP), a counseling project for power factor improvement awareness. Under PFIP, surveys were conducted for consumers who were charged with medium-to-high Power Factor (PF) penalties in their respective monthly bills. The programme is designed to counsel and advise consumers about the importance and associated benefits of PF improvement. Besides the reduction in technical losses and carbon footprints, it also aims to improve the quality of power supply and voltage profiles.

KE's Energy Conservation school initiative is another impactful platform, educating children about the importance of Energy Conservation. Not only school children but their parents, teachers, as well as the overall school communities have embraced KE's message on conserving electricity and other natural resources as part of sustainable living. The school programme features a monthly habit change checklist for children and their families to gauge the impact, as well as gain insight on how they have started practicing energy conservation in their daily routines. To connect with audience of a younger age bracket, Energy Conservation team also developed an interesting and engaging game application, built around teaching the concepts behind conserving electricity. More than 200,000 students around the city have pledged to save electricity as part of this mega initiative.


CONSERVE ELECTRICITY
SMALL ACTIONS
BIG
DIFFERENCE
THINK
ACT
SAVE

OUR PEOPLE - THE KEY TO OUR SUCCESS

KE’s sustainable growth and transformation over the past decade has been underpinned by the dedication of its employees, from the field-force to the leadership. Realising that the commitment and competence of KE’s human capital will drive its progress over the next decade, the Company has continued to invest in scaling up its human resource capabilities and strengths through comprehensive and diverse development programmes.

Leadership development across the organisation is one of the Company's top priorities going forward. The LEAD (Leadership Exploration and Development) Programme was initiated during the year to assess, identify, and develop top performing talent.

With an increased focus on employee development, a new learning and development facility was launched, with a dedicated space for workshops, breakout rooms for brainstorming and innovation, as well as a lecture room for apprentices.

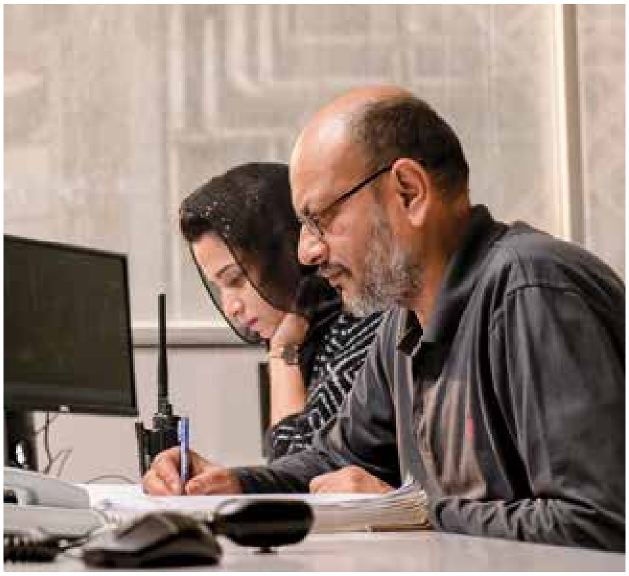
KE’s AZM Learning (Online Learning Management System) also continued to grow through pre-recorded lectures, and score-based e-modules which engaged employees, enabling them to take control of their learning and manage at their own individual pace. 9,959 employees participated in different online and classroom sessions, and the total number of learning hours via AZM Learning was 71,237.

Harnessing technology to drive ease of access and greater engagement across the organisation, KE has accelerated its digitisation of services with People Connect, an e-platform augmented through a mobile application, developed in-house to provide 24/7 mobility and flexibility. This e-platform enables employees convenient and direct access to support services, at the same time ensuring easier tracking, faster turnaround, along with the environmental benefit of reduced paper consumption. Additionally, a walk-in People Connect lounge is there to facilitate all queries, along with a dedicated email, call center, and the internet portal.

During the year, KE employees embarked on a ‘well-being journey’ together under the umbrella of Workplace Vitality, a drive that promotes physical, mental, financial and community well-being. The drive is aimed at building an environment which is vibrant, thriving, and alive with potential, hence energised. The drive has been structured on the four components of Vitality Framework, i.e. Health Assessment, Health Awareness, Supportive Environment, and Healthy Lifestyle. It has covered over a thousand employees so far and is progressing swiftly to cover more of the employee population.

In line with a long-term plan to embed a culture of diversity and inclusion, the Company has deployed several initiatives, including unprecedented female roles. In FY 2019, KE inducted the industry's first-ever female Meter Data Maintenance Officers (MDMOs) in the area of Lyari. Four female MDMOs were on-boarded and trained for this field-force role. Following the success of the first round, there are plans to expand the programme and increase the presence of female MDMOs throughout KE's operational areas.

Through the above initiatives, supplemented by ongoing youth-development efforts at universities, KE has taken long strides in its journey to establish itself as an employer of choice in Pakistan.

CORPORATE GOVERNANCE

The Board of Directors' Role

A thirteen (13) member Board of Directors is elected by the shareholders of the Company and is therefore accountable to the shareholders for discharging its fiduciary functions in the best interest of the Company. The Board recognises its fundamental responsibility to safeguard and enhance shareholders' value and stewardship of the Company's assets and sets its principal focus on strategic direction, key policy framework, provides oversight in the governance, management and control of the Company's long-term business plan, setting the goals, objectives and formulating policies and guidelines towards achieving those goals and objectives and adoption of best practices of good corporate governance. The Board reviews and approves financial performance and financial statements with main focus on the auditors' observations, business policies and practices, ethics, values and code of conduct, annual budget and major capital expenditure programs, internal controls, governance and compliance framework.

The responsibilities of the Board have increased manifold with the enforcement of Companies Act 2017, CCG 2017 (since replaced and substituted by CCG 2019), PSX enhanced regulatory framework and others introducing strict governance, compliance, reporting and disclosure environment envisaging time-lined corporate and other actions. The Board is fully aware and cognizant of its duties and responsibilities and has constituted a number of Directors' Committees to oversee the entire functional ambit of the Company and formulate objective recommendations for consideration of the Board.

The Board is fully aware of its role between the responsibility and authority matrices of Management and shareholders. This delicate balance is maintained by not becoming involved in day to day management of the Company, while simultaneously obtaining all shareholder related statutory approvals in a timely manner. The Directors exercise managerial oversight to provide strategic guidance, whereas the Management and the performance of the Company are the responsibility of executives. It is Management's fundamental responsibility to implement the policies, guidelines and strategic direction as laid down by the Board for achieving the short and long-term objectives of the Company. By adopting this balanced and prudent approach, the Board not only avoids overlaps, controversies and auditors' and regulators' questions but also places itself in a much better position to build and improve shareholders value, key performance indicators, governance and Company's image.

Roles and Responsibilities of the Chairman and the Chief Executive Officer (CEO)

For more than two decades, the Board as a matter of policy, ensured that the positions of Chairman and CEO are were entrusted to separate persons. The roles and responsibilities of the Chairman and CEO are distinct and clearly defined.

The Chairman is a non-executive Director and provides leadership to the Board, chairs the Board meetings and ensures that the Directors are kept properly informed and all the issues which are required to be considered at the Board level are presented to the Board and Board's decisions are implemented in a timely manner and that the views of the shareholders are known to the Board. The Chairman evaluates the performance of individual Directors on the basis of attendance in Board and Board's committees meetings, level of participation and value addition through suggestions and recommendations. The Chairman meets and consults the Directors, especially non-executive and independent ones on a regular basis to discuss corporate governance issues, performance of the Company and conducive environment enabling the Directors to fulfil their fiduciary duties.

Whereas, the CEO has the ultimate responsibility of leading the Management, operational performance of the Company, handling of day-to-day affairs and implementing the policies, strategies and business plans approved by the Board and risk management alongside custody and maintenance of Company's properties, assets, records and accounts in accordance with set out policies, statutes, guidelines and standards. CEO exercises powers vested in him through the Companies Act 2017, KE Memorandum & Articles of Association, General Power of Attorney and any other mandate given by the Board from time to time. The CEO is also responsible for the smooth functioning of the business with optimal utilisation of the Company's resources and effective implementation of internal controls.

Board's Performance Evaluation

KE's Board is comprised of professionals representing various work streams possessing diversified experience and expertise and fully believes in the importance of globally recognised best practices of good corporate governance. Providing upfront leadership and setting high performance standards and values are the core ingredients of Board's vision and strategic policy with firm conviction that it is the Board's performance which ultimately decides the future of the Company and its position among the peers.

The process to put in place a formal and effective mechanism for annual evaluation of the Board's own performance, Board members and of its committees, has been an ongoing exercise. A questionnaire with main focus on some basic issues relating to conduct and performance of the Board was circulated to the Directors seeking their input and rating on certain fundamental yardsticks. Board Human Resource & Remuneration Committee (BHR&RC) is mandated to undertake annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging an external independent consultant. BHR&RC would review the input of the Directors and would decide to undertake the said evaluation internally or to engage external independent consultant. Nevertheless, the process will remain more or less same whether done internally or externally and include interviews, open discussions with individuals / group of Directors, mainly focusing on some of the specific questions relating to performance and conduct of the Board. Alongside, professional institutes / entities possessing experience and expertise on the subject are being consulted for the purpose.

Essentially, the Board's performance evaluation is based on how effectively and efficiently it discharges its fundamental responsibility of safeguarding and enhancing shareholders' value, setting policy framework, strategic direction, oversight, control and good corporate governance. KE is a public utility in the private sector and therefore remains under active focus of over 23 million citizens of Karachi and the Directors in addition to having first-hand information about the Company's performance also come across to independent coverage by electronic & print media and customers' direct feedback through emails and other modes, in relation to key performance indicators such as load-shed, tripping and breakdowns and billing and customer services related issues which are used as a yardstick to judge and evaluate the Company's as well as the Board's performance.

Simultaneously, an informal Board's performance evaluation mechanism is also in place based on meaningful participation and input of executive, non-executive and independent Directors. The Board evaluates its performance in an objective manner on a regular basis, essentially based on the overall performance of the Company, and the implementation of strategic policies & business plans and achievement of budget targets and key performance indicators. In every meeting, the Board takes stock of successful achievements of the strategic and business objectives of the Company vis-à-vis set targets, continued compliance with regulatory requirements and best practices of good corporate governance with added focus on its sustainability strategy based on corporate social responsibility.

As a part of evaluation process, the Board, on a regular basis, analyses segmented performance of the Company and also reviews reports and recommendations of respective Board and Management committees, gives direction to address any inefficiency / delay and sets timelines for corrective actions. The Board further ensures that all of its decisions and guidelines are observed in letter and spirit and there is a standing discussion point for every Board meeting viz. "Report on Implementation of Board's Actionable Decisions" under which the status update of previous Board's decisions / directions is presented which further enables the Board to evaluate the effectiveness of its role and take any additional actions. The Chairman consults the Directors, especially non-executive and independent ones, on policy and governance related issues and performance of the Company and effectiveness of Board's role and suggestions for further improvement. The Board values independent professional input and places special attention to the report of external auditors on six monthly and annual financial statements of the Company and the points raised and issues highlighted by them are deliberated at length by the Board Audit Committee as well as by the Board itself. The Board considers these observations and reports as an independent assessment / evaluation of the Board's performance and as an instrument to identify the issues requiring more efforts to strengthen Board's role for successful achievement of strategic objectives and implementing long-term business plan of the Company to benefit all stakeholders. Simultaneously, direct interaction of the Board members and Management at general meetings of the Company is a useful opportunity to gauge performance of the Board & Company and benefit from valuable suggestions of the shareholders.

CEO's Performance Review by the Board

CEO holds a key position in the Company and liaises between Board and Management and ensures effective and meaningful communication between Management and Board with main focus on governance and operational management of the Company in a professional manner, essentially in line with policies and strategic direction set out by the Board to achieve operational, financial and strategic objectives of the Company. Key Performance Indicators (KPIs) and responsibilities of CEO include smooth functioning of the business with optimal utilisation of the Company's resources and effective & timely implementation of Board's directions / decisions, internal controls and improving operational and financial performance of the Company which ultimately determine his performance level.

The Board appoints CEO for a three-year term considering recommendations of Board Human Resource & Remuneration Committee (BHR&RC) which is also mandated for his performance evaluation and reports to the Board. Alongside, the Board sets key operational and financial targets and policy guideline at the time of approving Annual Budget of the Company and reviewing and approving periodical financial statements. The CEO provides leadership to the Management team in achieving the set objectives / targets and presents to the Board on quarterly basis a report showing the level of achievement in relation to key budget targets, supported by an objective comparison of actual performance with the budget and last year's performance elaborating variance analysis / justifications. Further, in every Board meeting a business update is presented to the Board by CEO and KE leaders envisaging operational and financial performance of the Company and key issues, major projects, opportunities and challenges facing the Company, suggesting the way forward and seeking the Board's guidance to address the issues to uphold interest of the Company. Invariably, the Board in every meeting, reviews a report on implementation of its earlier decisions in terms of timelines, cost estimates and benefits to the Company which, in effect, is tantamount to CEO's performance evaluation in achieving the set targets.

In fact, CEO's performance evaluation by the Board provides constructive support to the management actions, enhances trust level, transparency and inculcates a collective decision-making process to improve Company's performance and value addition for all the stakeholders. Further, review and approval of Company's annual audited financial statements by BAC and BOD is, among other things, used as CEO's performance review through an objective comparison of actual results vis a vis preset strategic, operational and financial goals, and effective implementation of strategic decisions and policies of the Board. Moreover, sufficient details on Company's overall performance, governance structure and control environment are available in observations and findings of BAC and report of statutory auditors on financial statements and CCG compliance discerning the level and effectiveness of CEO's performance and assist the Board in conducting a performance review.

Conflict of Interest Policy

The Board of Directors of the Company places main emphasis on identification, monitoring and management of conflict of interest relating to Board members and officers of the Company. The Company's policy on the subject is fundamentally driven through the direction and guideline provided by the Companies Act 2017 and Listed Companies (Code of Corporate Governance) Regulations and is further augmented by the Code of Conduct enforced by the Board setting high general and company-specific ethical standards, best practices of good corporate governance and enabling mechanism with main focus to uphold interest of the Company.

It is ensured that every Director at the time of his / her appointment along with consent, provides to the Company a signed declaration detailing therein all contracts, agreements and arrangements in which he / she is interested directly or indirectly and to immediately disclose any subsequent addition / change, thereof. Disclosure of the said interest is placed in the very next Board meeting ensuring that the interested Director does not participate in voting / discussion on the subject. Requirement of specified number of independent Directors to constitute quorum in a Board meeting discussing the said agreements etc. is ensured. Moreover, requirement of shareholders' approval in relation to any conflict of interest cases under specified circumstances would be completed in letter and spirit.

Simultaneously, any officer of the Company who is in any way, directly or indirectly, concerned or interested in any contract or arrangement with the Company is required to disclose his / her interest as above and obtain approval of the Board before entering into any such contract or arrangement. Discussion / decision on the said issues is duly recorded in the minutes of meeting and entered into statutory register maintained for the purpose. Alongside all transactions with related parties are duly approved by the Board Audit Committee and Board of Directors and properly disclosed in the financial statements of the Company.

Investors' Grievances Policy and Investors' Relation Section on KE's Website

The Company, as a matter of policy, values equity contribution, irrespective of quantum of investment, of present and prospective investors who collectively form capital base of the Company. In general, shareholders and investors are kept informed on the Company's affairs on a regular basis. For the purpose, the Company maintains a comprehensive website and "Investors Relations" segment on KE's website essentially designed to provide shareholders and investors with key financial, operational highlights, material information, key projects and other corporate & regulatory updates to help make known and timely investment decisions. All material information and disclosures are timely updated on Company's website alongside simultaneous regulatory corporate announcements through SECP and PSX. Whereas, specific queries including grievances and requests for information are dealt with by Corporate Affairs team in a professional and proactive manner. With an objective to facilitate and encourage shareholders and prospective investors to provide their feedback / suggestions / queries / complaints and request for any info / document, Investor Relation segment prominently specifies complete details of contact person of the Company in addition to the links to Securities & Exchange Commission of Pakistan (SECP)'s 'Service Desk' and investor education portal 'JamaPunji' and Pakistan Stock Exchange (PSX). Internal controls and monitoring mechanism are in place to ensure that personal, telephonic, emails and written requests of the shareholders and / or prospective investors and letters received through SECP or PSX are given prioritized attention and the issues are promptly addressed and responded at the earliest.

Policy for Safety of Records

K-Electric fully recognises importance of historical and valuable records which it carries relating to over a century period since its incorporation back in 1913. Therefore, in view of KE's unique position as above, its policy for safety of records is primarily designed to preserve the essential documents for periods beyond the statutory time limits set under the statutes. Given the age of the Company and periods when electronic means and facilities were practically non-existent, most of the records were in physical form and prone to deface. The said records include constitution documents, legal, corporate, property title documents, original contracts / agreements, financial statements, share certificates, statutory registers, minutes & policy decisions taken in the meetings of Board of Directors and shareholders and others. The policy framework envisages identification of essential documents and then to categorise these documents on the basis of valuation in terms of corporate, legal, financial etc., importance and validity and then the documents are accordingly earmarked for appropriate storage facility. Accordingly, valuable original property title documents, constitution documents, key agreements and others are prioritised for safe custody in fire-proof cabinets.

A computerised database of all records in safe custody is in place with the procedure and authority matrix for putting in and taking out any essential document, in addition to periodical checks and internal control mechanism. As a backup support, an ongoing parallel I.T. based digitisation / screening and scanning process was undertaken a couple of years ago focusing on value documents of the Company. While the Company has been performing most of records safety functions in house; a reputable professional service provider was engaged a few years ago with a view to diversify, economise the process and enhance productivity but without compromising on service quality and confidentiality of the records. Outsourcing is however limited and restricted to less important records of the Company and is subject to monitoring and regular review, the arrangement is working satisfactorily.

Company has successfully achieved ISO27001:2013 Certification of Information Security Management System (ISMS) in April 2017. Through this Management System, it ensures that adequate policies are in place for safety of records throughout the Company's systems. These policies and their implementation are regularly subject to internal and external audits.

Whistle-Blower Policy, AZM Speak Up and 'Awaaz' Advocacy Channel

KE values an open dialogue on integrity and responsibility in interactions with its employees. It has created a direct communication bridge between the leadership and employees through various communication mediums which include a confidential email address, PO Box and hotline. KE employees can directly report a misconduct or an unethical practice through these mediums, for which disclosure of names is not necessary. KE encourages its employees to give suggestions and feedback on a specific topics or ideas. Investigations on a specific complaint are ordered by the highest authority of the relevant department. KE investigates all alleged breaches of its code and applies appropriate measures when complaints turn out to be substantiated.

Risk Management and Business Continuity Plan

The Board of Directors and the Management periodically assess, review and manage financial, technology, Information Security and operating risks faced by the business. Although mitigation strategies are implemented for all identified risks, the organisation is working on a holistic Business Continuity Plan (BCP). Through the BCP, the organisation plans to reduce the impact of disasters by adopting suitable disaster mitigation strategies catering to the Business units and their support functions.

Disaster Management Plan

Management has documented and maintained the Disaster Management Plan to ensure availability of critical services, systems and processes in a disaster situation. This Plan is regularly checked and updated based on testing drills and exercises conducted throughout the year.

We have disaster management plans in place for all our critical business operations like IT, distribution, transmission, generation and finance.

REPORT OF THE BOARD AUDIT COMMITTEE

The role of the Board Audit Committee (BAC) in the context of Board's broader governance framework is to monitor the integrity of financial information and provide comfort to the Board that Company's internal controls are appropriately designed, implemented and regularly reviewed.

Committee's Procedures

The Committee reviews the Company's financial performance, key performance indicators and internal audit reports. The Committee met six times during the financial year ended June 30, 2019. In compliance with the corporate governance guidelines, the Committee meets external and internal auditors at least once in a year without the Management team. The terms of reference of the Committee are duly approved by the Board and are available in the annual report.

Internal Audit

KE treats Internal Audit (IA) as an independent assurance and consulting activity designed to add value and improve its operations. KE's Internal Audit Department (IAD) is independent of the activities being audited and the Chief Internal Auditor reports directly to the Board Audit Committee. The IAD is governed by an IA charter duly approved by the Committee, which describes the purpose, authority, responsibility and reporting relationship of IAD.

All assurance activities are performed in accordance with an annual risk-based internal audit plan approved by the BAC, whereas consulting activities are based on the services requested by the Management, with agreed objectives, scope and reporting.

The Committee on the basis of IA reports reviews the adequacy of internal controls and discusses corrective actions in the light of Management responses. This review allows the Company to improve controls and compliance in areas where weaknesses are identified.

The Committee also reviews and ensures that IA function is adequately staffed with professionals who possess the requisite internal audit training and experience to perform their duties.

External Audit

The external auditors of the Company have completed their audit of the Company's Financial Statements and Statement of Compliance with Code of Corporate Governance for the financial year ended June 30, 2019. The Committee has reviewed and discussed audit observations with external auditors and they have been allowed direct access to the Committee to ensure their independence and objectivity. The Committee also meets with the external auditors without the management team.

Coordination between external and internal auditors is also enabled and encouraged to allow sharing of information in order to ensure integrity of financial reporting system and its compliance with laws and regulations.

The Committee undertakes a periodic review of the appointment of external auditors, taking into consideration number of factors such as, assessment of past performance, quality of ongoing discussions and the length of time the firm has been engaged for. Based upon the results of evaluation, the Committee has recommended reappointment of M/s A.F. Ferguson & Co. as the external auditors to the Board.

Mr. Khalid Rafi
Chairman, Board Audit Committee

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 READ WITH SECTION 226(2) OF COMPANIES ACT, 2017

K-Electric Limited
for the year ended June 30, 2019

K-Electric Limited (Company) is a public limited, public interest and listed company. Currently, the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG 2019) is enforced which had repealed the Listed Companies (Code of Corporate Governance) Regulations, 2017 (CCG 2017) on September 25, 2019. Foregoing in view, the Statement of Compliance for the year ended June 30, 2019 is being prepared as per CCG 2017.

The Company has complied with the requirements of CCG 2017 in the following manner:

1. The total number of Directors as at present are 13 as per the following:
   a. Male: 13 b. Female: Nil

2. The composition of the Board is as follows:
   i. Independent Director 1
   ii. Non-Executive Directors 11
   iii. Executive Director 1

CATEGORY	NAME	DOA/E	DOE
Independent Director	Khalid Rafi	October 8 2012*	
Executive Director	Syed Moonis Abdullah Alvi, CEO	June 7, 2018*	
Non-Executive Directors	Riyadh S. A. A. Edrees**	July 30, 2019	
	Adeeb Ahmad	July 4, 2019*	
	Chaudhary Khaqan Saadullah Khan	October 16, 2015*	
	Dr Ahmed Mujtaba Memon, Additional Secretary Finance Division	June 7, 2018*	
	Jamil Akbar	September 25, 2019	
	Mubasher H. Sheikh	November 29, 2005*	
	Muhammad Abid Lakhani	July 30, 2019*	
	Ruhail Muhammad	July 30, 2019*	
	Shan A. Ashary	November 29, 2005*	
	Waseem Mukhtar, Additional Secretary Power Division	April 15, 2019*	
	Syed Asad Ali Shah Jilani	January 27, 2020	
Ceased to be directors during the year ended June 30, 2019 and thereafter	Aziz Moolji	September 29, 2014	May 6, 2019
	Dr Aamer Ahmed	August 9, 2017	December 14, 2018
	Frederic Sicre	May 7, 2013	February 8, 2019
	Ikram ul Majeed Sehgal	January 18, 2019*	November 6, 2019
	Hassan Nasir Jamy	December 14, 2018	February 13, 2019
	Muhammad Tayyab Tareen	May 27, 2009	January 18, 2019
	Muhammad Zubair Motiwala	February 23, 2016	July 30, 2019

	Nayyer Hussain	May 27, 2009*	September 18, 2019
	Omar Khan Lodhi	August 26, 2010	February 8, 2019
	Syed Mohammad Akhtar Zaidi	April 15, 2019	July 29, 2019
	DOA/E = Date of Appointment / Election DOE = Date of Exit * Subsequent to the year end, election of Directors was held on July 30, 2019 when these Directors were elected / re-elected. ** Subsequent to the year end, Mr Riyadh S. A. A. Edrees was appointed Chairman with effect from April 09, 2020.		

3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 and CCG 2017.

7. The meetings of the Board were presided over by Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with Companies Act 2017 and CCG 2017.

9. During year ended June 30, 2019, the Board has arranged Directors' Training Program for the following:

Directors
1. Syed Moonis Abdullah Alvi, CEO
2. Dr Ahmed Mujtaba Memon

Executives
1. Syed Fakhar Ahmed, Chief Marketing and Communication Officer

Up to June 30, 2019, a total of seven Directors and three Executives of the Company are certified Directors under the training program offered by Pakistan Institute of Corporate Governance.

10. During the year ended June 30, 2019, the Board has approved appointment of Chief Financial Officer including his remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. However, there was no fresh appointment of the Chief Internal Auditor (CIA) and Company Secretary during the year. Further, revision in the remuneration of the Company Secretary and the CIA for the year ended June 30, 2019 was made as per the Company policy in line with their terms of appointment.

11. The annual financial statements for the year ended June 30, 2018 and the quarterly financial statements for the quarters ended September 30, 2018, December 31, 2018 and March 31, 2019 were prepared subsequent to the year-end due to the fact that the Company's tariff (i.e. Multi-Year Tariff 2017-23) was notified on May 22, 2019. These annual / quarterly financial statements have been duly endorsed by the CEO and CFO prior to the approval of the Board. Further, the related party transactions were placed before the Audit Committee and the Board of Directors for their recommendation and review and approval subsequent to the year end.

12. The Board has formed committees comprising of members given below:

a. Board Audit Committee (BAC)

1	Khalid Rafi, Independent Director	Chairman
2	Ch. Khaqan Saadullah Khan	Member (w.e.f. November 20, 2017)
3	Mubasher H. Sheikh	Member
4	Syed Asad Ali Shah Jilani	Member (w.e.f. February 28, 2020)
5	Adeeb Ahmad	Member (upto February 28, 2020)

b. Board Human Resource & Remuneration Committee (BHR&RC)

1	Khalid Rafi, Independent Director	Chairman (w.e.f. November 19, 2018)
2	Ch. Khaqan Saadullah Khan	Member
3	Shan A. Ashary	Member
4	Syed Moonis Abdullah Alvi, CEO	Member
5	Omar Khan Lodhi	Member (upto February 8, 2019)

c. Board Finance Committee (BFC)

1	Ruhail Muhammad	Chairman
2	Ch. Khaqan Saadullah Khan	Member
3	Dr Ahmed Mujtaba Memon	Member
4	Shan A. Ashary	Member

d. Board Strategy & Projects Committee (BS&PC)

1	Ch. Khaqan Saadullah Khan	Chairman
2	Adeeb Ahmad	Member (w.e.f. February 28, 2020)
3	Jamil Akbar	Member
4	Shan A. Ashary	Member
5	Syed Moonis Abdullah Alvi, CEO	Member
6	Waseem Mukhtar	Member

e. Board Risk Management & Safety Committee (BRM&SC)

1	Khalid Rafi, Independent Director	Chairman
2	Dr Ahmed Mujtaba Memon	Member
3	Mubasher H. Sheikh	Member
4	Syed Moonis Abdullah Alvi, CEO	Member

f. Board Regulatory Affairs Committee (BRAC), constituted on April 09, 2020

1	Shan A. Ashary	Chairman
2	Chaudhary Khaqan Saadullah Khan	Member
3	Syed Asad Ali Shah Jilani	Member
4	Syed Moonis Abdullah Alvi, CEO	Member

13. The Terms of Reference (TORs) of the aforesaid committees have been formed, documented and advised to the committees for compliance with the exception of Risk Management Committee and Board Regulatory Affairs Committee whose TORs are currently being finalized.

14. The frequency of meetings of the committees were as per following:

	Committee	Number of meetings				
		Q1	Q2	Q3	Q4	Total
A.	Board Audit Committee (BAC)	2	1	1	2	6
B.	Board Human Resource & Remuneration Committee (BHR&RC)	-	-	1	1	2
C.	Board Finance Committee (BFC)	1	1	1	1	4
D.	Board Strategy & Projects Committee (BS&PC)	-	1	-	-	1
E.	Board Risk Management Committee	-	-	-	-	None

15. The Board has set up an effective internal audit function manned by suitably qualified and experienced personnel that are involved in the internal audit function on a full-time basis and are conversant with policies and procedures of the Company.

16. The joint statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of these firms, their spouses and minor children do not hold shares of the Company and that the firms and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

17. The joint statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with Companies Act, 2017, CCG 2017 or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all the requirements of the CCG 2017 have been complied with, except for the following:

a. Due to delayed finalisation of Multi-Year Tariff (MYT) as explained in S. No. 11 of this Statement, the annual financial statements of the Company for the year ended June 30, 2018 and the quarterly financial statements for the quarters ended September 30, 2018; December 31, 2018; and, March 31, 2019 were prepared and approved subsequent to the year end. Moreover, related party transactions were placed before the Audit Committee and the Board of Directors for their recommendation and review and approval subsequent to the year end.
b. Independent Director was appointed Chairman of Board Human Resource & Remuneration Committee (BHR&RC) from November 19, 2018.
c. Formal and effective mechanism for annual evaluation of the committees and the members of the Board of Directors was put in place subsequent to the year end.

For and on behalf of the Board of Directors

Riyadh S.A.A. Edrees
Chairman

Syed Moonis Abdullah Alvi
Chief Executive Officer

Karachi, April 09, 2020

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of K-Electric Limited

Review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of K-Electric Limited (the Company) for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

S. No.	Paragraph reference	Description
(i)	11	The annual financial statements of the Company for the year ended June 30, 2018 and the quarterly financial statements for the quarters ended September 30, 2018, December 31, 2018 and March 31, 2019 were prepared and approved subsequent to the year end. Moreover, related party transactions were placed before the Audit Committee and the Board of Directors for their recommendation and review and approval subsequent to the year-end.
(ii)	12(b)(1)	Independent Director was appointed as Chairman of the Human Resource & Remuneration Committee (HR&RC) with effect from November 19, 2018.
(iii)	18	A formal and effective mechanism for an annual evaluation of the committees and the members of the Board of Directors was put in place subsequent to the year end.

A. F. Ferguson & Co.
Chartered Accountants

BDO Ebrahim & Co.
Chartered Accountants

Place: Karachi
Date: April 18, 2020

STATEMENT OF COMPLIANCE AS PREPARED BY MANAGEMENT

Statement of Compliance with the Issue of Sukuk Regulations, 2015

This Statement is being presented to comply with the requirements under the Issue of Sukuk Regulations, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP). This Statement of Compliance (the Statement) is for the year ended June 30, 2019.

The financial arrangements, contracts and transactions, entered into by K-Electric Limited (the Company) in respect of Rs. 22,000 million Sukuk-ul-Shirkah for the period from July 01, 2018 to June 30, 2019 are in compliance with the Sukuk features and Shari'ah requirements in accordance with the Sukuk Regulations, 2015.

We also confirm that:

- The Company has established procedures and processes for all Sukuk related transactions to comply with Sukuk features and Shari'ah requirements.

- The Company has implemented and maintained such internal control and risk management system, the management determines are necessary to mitigate the risk of non-compliances of the Sukuk features and Shari'ah requirements, whether due to fraud or error.

- The Company has a process to ensure that the management, where appropriate, those charged with governance and personnel involved with the Company's compliance with the Sukuk related features and Shari'ah requirements are properly trained and systems are properly updated.

The Sukuk features and Shari'ah requirements shall mean the following:

- Compliance with the requirements of the Fatwa (Shari'ah opinion) dated February 06, 2015 issued by Shari'ah Advisory Board.

- The Company's compliance with Shari'ah principles in terms of the documents listed in Fatwa dated February 06, 2015.

- Compliance with the Issue of Sukuk Regulations, 2015 issued by the SECP.

Syed Moonis Abdullah Alvi
Chief Executive Officer

Karachi, April 09, 2020

INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS ON THE STATEMENT OF COMPLIANCE WITH THE ISSUE OF SUKUK REGULATIONS, 2015 FOR THE YEAR ENDED JUNE 30, 2019

Scope of our Work

We have performed an independent assurance engagement of K-Electric Limited (the Company) to express an opinion on the annexed Statement of Compliance with the requirements of the Issue of Sukuk Regulations, 2015 as notified by the Securities and Exchange Commission of Pakistan (SECP) for the year June 30, 2019 here-in referred to as (the Statement).

Applicable Criteria

The criteria for the assurance engagement against which the underlying subject matter (the Statement) is assessed comprises of compliance with the features and Shariah requirements of Sukuk in accordance with the requirements of the Issue of Sukuk Regulations, 2015. Therefore, the underlying subject matter may not be suitable for another purpose. Our engagement was carried out as required under Rule 13 of Chapter V of the Issue of Sukuk Regulations, 2015 as notified by the SECP.

Responsibility of the Company's Management

The responsibility for the preparation and fair presentation of the Statement (the subject matter information) and for compliance with the features and Shariah requirements of Sukuk in accordance with the requirements of the Issue of Sukuk Regulations, 2015 is that of the management of the Company. The management is also responsible for the design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant documentation/records. The management is also responsible to ensure that the personnel involved are conversant with the Criteria for the purpose of the Company's compliance.

Our Independence and Quality Control

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. The firms apply International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, And Other Assurance and Related Services Engagements" and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of Independent Assurance Provider

Our responsibility is to express our conclusion on the Statement based on our independent assurance engagement, performed in accordance with the International Standard on Assurance Engagements 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' (ISAE 3000). This standard requires that we plan and perform the engagement to obtain reasonable assurance about whether the annexed Statement reflects, in all material respects, the status of the Company's compliance with the features and Shariah requirements of Sukuk in accordance with the requirements of the Issue of Sukuk Regulations, 2015 and is free from material misstatement.

The procedures selected by us for the engagement depend on our judgment, including an assessment of the risks of material non-compliances with the Criteria. In making those risk assessments; we have considered internal controls relevant to the Company's compliance with the Criteria in order to design procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Company was not materially non-compliant with the Criteria.

Our engagement was not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Our procedures applied to the selected data primarily comprised of:

- Inquiry and evaluation of the systems, procedures and practices in place with respect to the Company's compliance with the Criteria;

- Verification of Sukuk related transactions on a sample basis to ensure the Company's compliance with the Criteria during the year ended June 30, 2019;

- Review of Shariah structure, transaction documents and Shariah approval letter issued by the Shariah Advisor of the Sukuk; and

- Review of the Statement based on our procedures performed and conclusion reached.

We believe that the evidences we have obtained through performing our aforementioned procedures were sufficient and appropriate to provide a basis for our opinion.

Conclusion

Based on our independent assurance engagement, in our opinion, the Statement reflects, in all material respects, the status of the Company's compliance with the features and Shariah requirements of Sukuk in accordance with the Issue of Sukuk Regulations, 2015.

A. F. Ferguson & Co.
Chartered Accountants

BDO Ebrahim & Co.
Chartered Accountants

Place: Karachi
Date: April 18, 2020

MAJOR BUSINESS RISKS AND THEIR MITIGATION

KE is conducting business in a complex and challenging regulatory environment and is therefore exposed to a number of external and internal risks that may present a threat to its success and profitability. Every business decision taken is based on the underlying risk against rewarding opportunities.

Risk management is one of the essential elements of the Company's corporate governance and creates a balance between entrepreneurial attitude and risk levels associated with the business opportunities. KE considers a number of risks that may substantially affect the Company's ability to create long term values and may considerably influence the stakeholders' decisions. Major risks and their mitigating strategies are:

Major business risk	Mitigating factors/actions in place
Gas and fuel shortage (Raw material)	• Active collaboration with GoP and SSGC for adherence to gas allocation policy and for the signing of long term Gas Supply Agreement (GSA). • Fuel Supply Agreement (FSA) with PSO and BYCO. • Investing in alternative fuels i.e. RLNG, coal and renewable energy.
Unstable plant operations	• Asset integrity strategy in place. • Plant operations are made sustainable through measures in place for overhauling of turbines and generators, upgradation of control system, periodical inspection of GTs and replacement of rotors if needed. • Periodic maintenance and inspections
Liquidity risk – circular debt situation	• Regular meetings and follow-ups with the concerned ministries of GOP to resolve the issue, as the circular debt situation is hampering the timely realisation of claims. • Effectively managing the liquidity gaps through short term borrowings.
Credit risk is the risk of financial loss to the Company, if a customer fails to meet its credit obligations and arises mainly from the Company's receivable from consumers	• To meet exposure to credit risk KE has implemented disconnection policy and regular reviews of receivable balances, and offered instalments and rebates for paying old arrear balances. • Introduction of various recovery schemes for collections from non-paying consumers
Regulatory risk	• KE engages in regular interactions/dialogues with NEPRA to implement regulatory framework in a manner that supports business viability, continued investments across the value chain and improved consumer service. • Provisioning of timely information/data to NEPRA for greater transparency and to avoid possible conflicts. • Legal opinions are sought to support KE's stance on implementation / interpretation issues with NEPRA, wherever required.

Major business risk	Mitigating factors/actions in place
Safety and climate risk	• KE safety standards are compliant with the highest world class safety standards. The safety management system is compliant with the principles of ISO 9000, ISO 14000, and OHSAS 18000. • Comprehensive business insurance is in place to cover monetary risk. • Climate change policy is in place. • Established disaster recovery / business continuity plans have been implemented at all locations and the staff is fully equipped to quickly recover from a natural disaster.
Law and order situation	• Increased security for employees at operational centers. • Operations suspended whenever the situations get worse in a particular area. • Work on off days in case of strikes and other unexpected situations.
Foreign currency exchange rate and interest rate risk	• Managed actively by hedging open positions wherever necessary.
Non–compliance of statutory requirements, company values and standard of governance	• Rigorous checks on latest updates in regulatory framework are carried out to prevent any breach of law. • Resourcing policies designed and implemented are aligned with business strategy and our vision and value statement. • An organisation–wide vision and value training programme executed for all employees at all levels. • Code of conduct is mandatory to be signed by all employees. • The Board reviews and approves financial performance and financial statements with main focus on the auditors' observations, business policies and practices, ethics, values and code of conduct, annual budget and major capital expenditure programs, internal controls, governance and compliance framework.
Loss of trained and high potential employees	• Detailed succession planning has been emphasised at all levels throughout the organisation, together with culture of employee training and development • Effective management trainee programme is also in place.
IT security risk	• IT controls are in place to prevent unauthorised access to confidential information. • Regular IT audits and trainings are conducted to monitor and minimise the risk of breaches, errors or other irregularities.
Internal control risk	• A robust internal control system is in place and is continuously monitored by the Company's effective Internal Audit Function and through other monitoring procedures. The process of monitoring internal controls is an ongoing process with the objective to further strengthen the controls and bring improvements in the system. • The controls in place also cover areas ranging from safeguarding of assets, compliance with laws and regulations and accuracy and reliability of records and financial reporting.

SIX YEAR PERFORMANCE

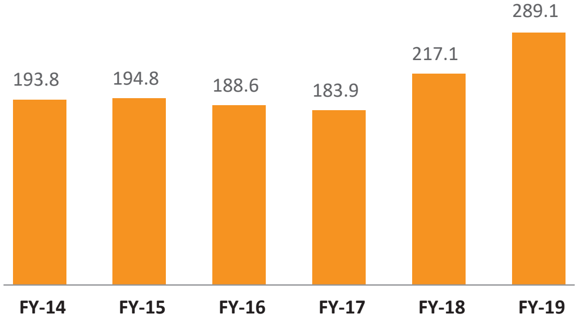
Description	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
OPERATIONAL PERFORMANCE			**(UNITS IN M-KWH)**			
Units Generated - Gross	8,709	9,318	10,323	10,147	10,338	10,727
Units Generated - Net	8,050	8,614	9,563	9,374	9,557	9,928
Units Purchased	7,282	7,497	6,981	7,206	7,862	7,769
Units Sent out	15,332	16,111	16,544	16,580	17,419	17,697
Units Sold	11,453	12,294	12,865	12,981	13,860	14,318
T&D loss (in percentage)	25.3%	23.7%	22.2%	21.7%	20.4%	19.1%
SUMMARY OF STATEMENT OF PROFIT OR LOSS			**(RUPEES IN MILLIONS)**			
	Restated	Restated	Restated			
Revenue	193,783	194,755	188,607	183,855	217,127	289,119
Purchase of electricity & consumption of fuel and oil	147,307	131,437	111,576	123,132	149,325	215,770
O&M Expenses	31,230	37,396	50,592	56,264	57,194	60,712
Gross Profit	31,493	47,660	57,155	39,521	45,297	50,706
Financial Charges	11,275	9,760	5,100	3,609	3,236	6,285
Other Income / (Charges)	4,932	3,003	3,611	7,862	6,348	2,531
Profit before Finance Cost	20,178	28,925	30,051	12,321	16,956	15,167
Profit before taxation	8,903	19,165	24,951	8,712	13,719	8,883
Profit after taxation	12,215	32,413	31,807	10,419	12,312	17,274
EBITDA	29,486	38,426	43,035	25,818	32,422	31,236
SUMMARY OF STATEMENT OF FINANCIAL POSITION			**(RUPEES IN MILLIONS)**			
	Restated	Restated	Restated			
Non-Current Assets	173,144	214,039	223,576	237,981	277,733	326,857
Current Assets	144,803	166,762	154,222	157,962	195,965	272,008
Total Assets	317,947	380,801	377,798	395,943	473,698	598,865
Share Capital & Reserves	78,222	139,559	171,288	184,316	207,293	214,490
Non - Current liabilities	60,114	66,164	60,532	53,822	60,451	89,027
Current liabilities	179,611	175,078	145,978	157,805	205,954	295,348
Total Equity & Liabilities	317,947	380,801	377,798	395,943	473,698	598,865
SUMMARY OF STATEMENT OF CASHFLOWS			**(RUPEES IN MILLIONS)**			
	Restated	Restated	Restated			
Net cash generated from / (used in) operating activities	14,334	18,585	41,097	27,836	19,335	(16,884)
Net cash used in investing activities	(8,588)	(14,847)	(28,654)	(19,593)	(43,726)	(33,843)
Net cash generated from / (used) in financing activities	(1,996)	(7,023)	(10,795)	(11,849)	6,040	52,012
Net increase / (decrease) in cash and cash equivalent	3,750	(3,285)	1,648	(3,606)	(18,351)	1,285
Cash and cash equivalent at beginning of the year	(6,928)	(3,178)	(6,463)	(4,815)	(8,421)	(26,772)
Cash and cash equivalent at end of the year	(3,178)	(6,463)	(4,815)	(8,421)	(26,772)	(25,487)

KEY FINANCIAL INDICATORS

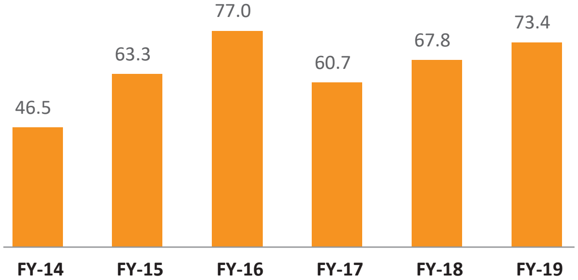
Description	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Profitability Ratios			**(In Percentage %)**			
	Restated	Restated	Restated			
Gross Profit Margin	16.3%	24.5%	30.3%	21.5%	20.9%	17.5%
Net Profit Margin	6.3%	16.6%	16.9%	5.7%	5.7%	6.0%
EBITDA Margin	15.2%	19.7%	22.8%	14.0%	14.9%	10.8%
PBT Margin	4.6%	9.8%	13.2%	4.7%	6.3%	3.1%
Return on Equity including Surplus	15.6%	23.2%	18.6%	5.7%	5.9%	8.1%
Return on Equity excluding Surplus	24.0%	37.9%	26.2%	7.6%	8.0%	11.6%
Pre-tax return on adjusted invested equity (average)	7.3%	13.7%	15.1%	4.6%	6.7%	4.3%
Return on Total Assets	3.8%	8.5%	8.4%	2.6%	2.6%	2.9%
Return on Property, Plant and Equipment	7.2%	15.2%	14.2%	4.4%	4.4%	5.3%
Liquidity Ratios			**(In Times)**			
Current Ratio	0.81	0.95	1.06	1.00	0.95	0.92
Cash flow from operations to revenue	0.07	0.10	0.22	0.15	0.09	(0.06)
Investment / Market Ratios			**(In Rupees)**			
Earnings per Share - Basic / Diluted	0.44	1.17	1.15	0.38	0.45	0.63
Price Earning Ratio (In Times)	19.19	7.17	7.00	18.29	12.74	7.02
Market Value Per Share - year end	8.49	8.42	8.06	6.90	5.68	4.39
- High during the year	9.25	10.55	8.67	10.92	7.51	6.75
- Low during the year	4.90	6.01	6.52	6.50	5.11	3.54
Price to book ratio (In Times)	0.74	0.61	0.59	0.48	0.33	0.20
"Breakup Value per Ordinary Share (including Surplus on Revaluation of Property, Plant & Equipment)"	2.83	5.05	6.20	6.67	7.51	7.77
"Breakup Value per Ordinary Share (excluding Surplus on Revaluation of Property, Plant & Equipment)"	1.84	3.09	4.39	4.95	5.55	5.38
Capital Structure Ratios			**(In Times)**			
Long-term debt to equity ratio (including revaluation surplus)	0.26	0.18	0.16	0.14	0.13	0.21
Long-term debt to equity ratio (excluding revaluation surplus)	0.36	0.27	0.21	0.17	0.17	0.28
Interest Cover ratio	1.79	2.96	5.89	3.41	5.24	2.41
Average Cost of Debt	0.13	0.13	0.08	0.07	0.05	0.06
Financial Leverage Ratio (local and foreign lenders)	0.93	0.49	0.33	0.27	0.35	0.60

GRAPHICAL ANALYSIS

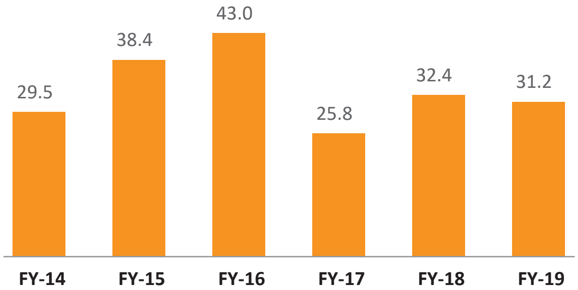
Revenue
(PKR In billions)



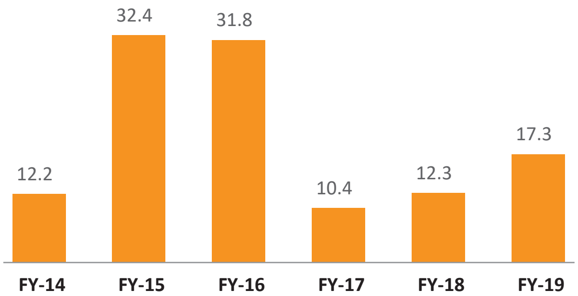
Contribution Margin
(PKR In billions)



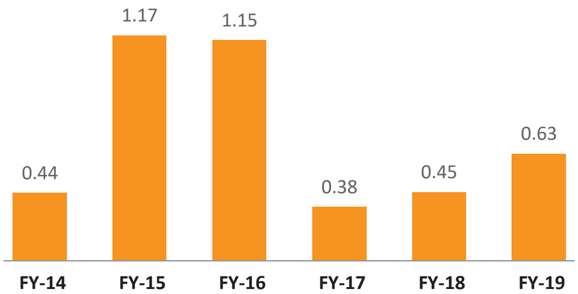
EBITDA
(PKR In billions)



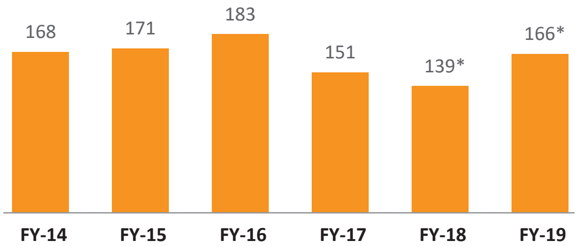
Net Profit
(PKR In billions)



Earnings per Share (EPS)
(in PKR)



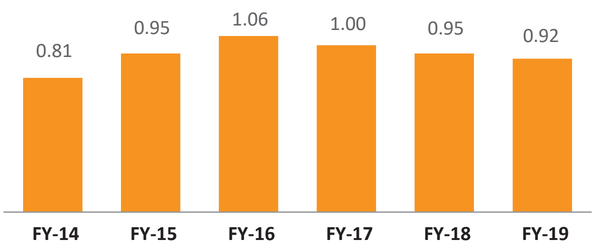
Gas
(MMCFD)



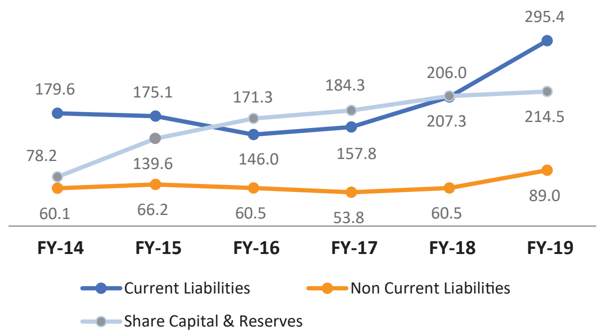
* Includes 60 MMCFD RLNG from April 2018

GRAPHICAL ANALYSIS

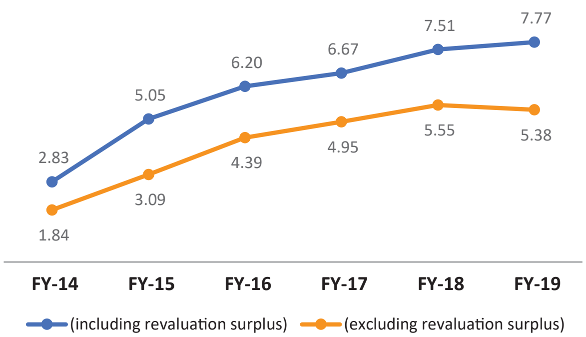
Current Ratio
(in times)



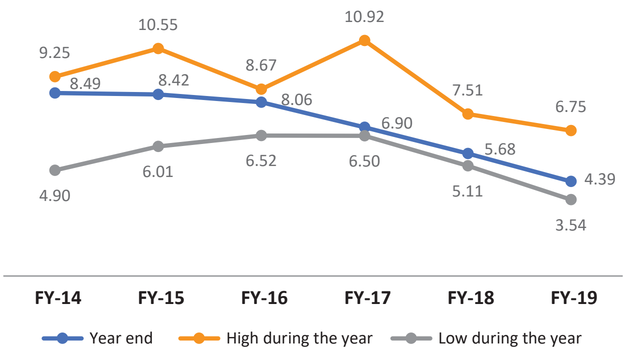
Equities & Liabilities
(PKR In billions)



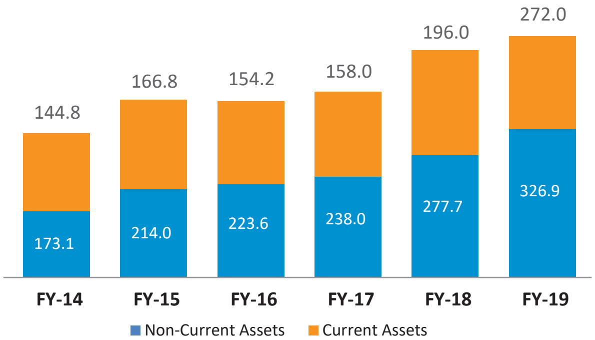
Breakup Value per Share
(in PKR)



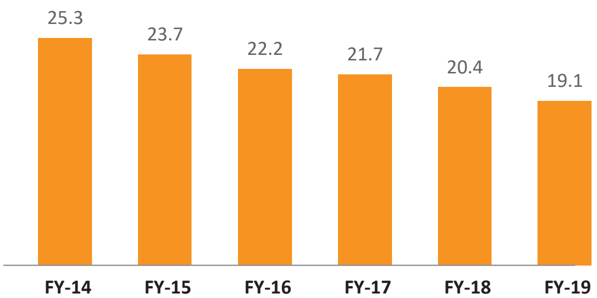
Market Value per Share
(in PKR)



Total Assets
(PKR In billions)



T&D Losses
(In %)



VERTICAL ANALYSIS

STATEMENT OF FINANCIAL POSITION	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	Restated	Restated	Restated			
Non-Curent Assets	54.5%	56.2%	59.2%	60.1%	58.6%	54.6%
Current Assets	45.5%	43.8%	40.8%	39.9%	41.4%	45.4%
Total Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Share Capital & Reserves	24.6%	36.6%	45.3%	46.6%	43.7%	35.8%
Non-Current Liabilities	18.9%	17.4%	16.0%	13.6%	12.8%	14.9%
Current Liabilities	56.5%	46.0%	38.6%	39.9%	43.5%	49.3%
Total Equity And Liabilities	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

STATEMENT OF PROFIT OR LOSS	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	Restated	Restated	Restated			
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Expenditure						
Purchase Of Electricity	(42.8%)	(36.7%)	(28.8%)	(33.5%)	(35.7%)	(32.9%)
Consumption Of Fuel And Oil	(33.2%)	(30.8%)	(30.4%)	(33.4%)	(33.1%)	(41.7%)
	(76.0%)	(67.5%)	(59.2%)	(67.0%)	(68.8%)	(74.6%)
Expenses Incurred In Generation, Transmission And Distribution	(7.7%)	(8.0%)	(10.5%)	(11.5%)	(10.4%)	(7.8%)
Gross Profit	16.3%	24.5%	30.3%	21.5%	20.9%	17.5%
Consumers Services and Administrative Expenses (including Impairment against trade debts)	(8.4%)	(11.2%)	(16.3%)	(19.1%)	(16.0%)	(13.2%)
Other Operating Expenses	(0.7%)	(1.7%)	(1.6%)	(0.8%)	(1.0%)	(1.7%)
Other Operating Income	3.3%	3.3%	3.5%	5.1%	3.9%	2.6%
	(5.8%)	(9.6%)	(14.4%)	(14.8%)	(13.1%)	(12.3%)
Profit Before Finance Cost	10.4%	14.9%	15.9%	6.7%	7.8%	5.2%
Finance Cost	(5.8%)	(5.0%)	(2.7%)	(2.0%)	(1.5%)	(2.2%)
Profit Before Taxation	4.6%	9.8%	13.2%	4.7%	6.3%	3.1%
Taxation	1.7%	6.8%	3.6%	0.9%	(0.6%)	2.9%
Profit After Taxation	6.3%	16.6%	16.9%	5.7%	5.7%	6.0%

HORIZONTAL ANALYSIS

STATEMENT OF FINANCIAL POSITION	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	Restated	Restated	Restated			
Non-Curent Assets	100.0%	123.6%	129.1%	137.4%	160.4%	188.8%
Current Assets	100.0%	115.2%	106.5%	109.1%	135.3%	187.8%
Total Assets	100.0%	119.8%	118.8%	124.5%	149.0%	188.4%
Share Capital & Reserves	100.0%	178.4%	219.0%	235.6%	265.0%	274.2%
Long Term Liabilities	100.0%	110.1%	100.7%	89.5%	100.6%	148.1%
Current Liabilities	100.0%	97.5%	81.3%	87.9%	114.7%	164.4%
Total Equity And Liabilities	100.0%	119.8%	118.8%	124.5%	149.0%	188.4%

STATEMENT OF PROFIT OR LOSS	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	Restated	Restated	Restated			
Revenue	100.0%	100.5%	97.3%	94.9%	112.0%	149.2%
Expenditure						
Purchase Of Electricity	100.0%	86.2%	65.5%	74.3%	93.4%	114.7%
Consumption Of Fuel And Oil	100.0%	93.2%	89.0%	95.5%	111.7%	187.5%
	100.0%	89.2%	75.7%	83.6%	101.4%	146.5%
Expenses Incurred In Generation, Transmission And Distribution	100.0%	104.5%	132.7%	141.5%	150.2%	151.1%
Gross Profit	100.0%	151.3%	181.5%	125.5%	143.8%	161.0%
Consumers Services and Administrative Expenses (including Impairment against trade debts)	100.0%	133.8%	189.0%	215.8%	213.5%	234.3%
Other Operating Expenses	100.0%	229.9%	210.5%	106.1%	146.5%	347.4%
Other Operating Income	100.0%	99.2%	104.4%	147.3%	132.7%	118.5%
	100.0%	165.6%	239.5%	240.4%	250.5%	314.1%
Profit Before Finance Cost	100.0%	143.3%	148.9%	61.1%	84.0%	75.2%
Finance Cost	100.0%	86.6%	45.2%	32.0%	28.7%	55.7%
Profit Before Taxation	100.0%	215.3%	280.3%	97.9%	154.1%	99.8%
Taxation	100.0%	400.0%	207.0%	51.6%	(42.0%)	253.3%
Profit After Taxation	100.0%	265.4%	260.4%	85.3%	100.8%	141.4%

COMMENTARY ON PERFORMANCE

Horizontal & Vertical Analysis

- Continuous improvement on operational side, backed by capital expenditure of Rs. 39,983 million on system improvement, the Company's gross profit for the year has increased by 12% to Rs. 50,706 million as compared to Rs. 45,297 million in corresponding period.

- Profit before finance cost for the year has decreased by 11% as compared to last year. The major reason was increase in exchange loss by around 500% from Rs. 675 million in FY-2018 to Rs. 4,041 million in FY-2019 owing to significant devaluation of Pakistani rupee.

- Accumulation of Tariff Differential Claims (TDC) from the GoP with 168% increase from last year (mainly due to increase in fuel costs) have substantially increased the working capital requirements of the Company, which is being managed through additional long-term and short-term financing facilities. Resultantly, finance cost for the year increased by 94% from Rs. 3,236 million in FY-2018 to Rs. 6,285 million in FY-2019.

- Consistent profitability since 2012 to the tune of Rs. 125,529 million and increase of Rs. 38,454 million on account of revaluation surplus over the past 06 years, set off by one-off adjustment of Rs. 25,736 million in respect of IFRS 9, has resulted in increase of around 274% in the Equity of the Company. All of these profits earned so far have been reinvested into the Company.

- Non-current assets have increased by 89% in the last six years mainly due to investments made by the Company across its power value chain. There is also an impact of revaluation surplus amounting to Rs. 38,454 million on certain class of assets, kept on fair value model.

- Though decreased from last year mainly due to one-off adjustment of IFRS-9 amounting to Rs. 25,736 million, on cumulative basis, trade debts have shown an increase of 20% over last six years and includes significant receivables from Public Sector Consumers including Rs. 26,488 million from KWSB and Rs. 8,688 million from CDGK, significantly effecting Company's liquidity.

- Accumulation of Tariff Differential Claims (TDC) receivables from the GoP along with growing dues in respect of sales tax have increased Other Receivables by almost 202% over past six years i.e. from Rs. 48,016 million in FY-14 to Rs. 144,806 million FY-2019.

- Current liabilities of the Company increased by 64% over the last six years driven mainly by increase in Trade and Other Payables due to the prevailing circular debt situation. This mainly includes payable to NTDC / CPPA – G, which is to be set-off with the Company's Tariff Differential Claims classified in Other Receivables from the Government of Pakistan.

Cashflow Statement

- Growing over the years to 2016, cashflows from operating activities, showed drop since FY-2017 to negative cash flows in FY-2019 due to lower profits as a result of reduction in Company's tariff level alongwith significant shift in tariff structure. The situation has been further aggravated by the accumulation of trade debts (as explained above) and receivable on account of tariff differential claim from GoP.

- Company has invested Rs. 154,652 million over the period of 06 years with Rs. 35,574 million (excluding borrowing cost capitalized) during FY-2019; which reiterates the Company's commitment for operational improvements through continuous investments across the value chain.

- Cashflows from financing activities have been increased significantly over last two years due to additional/increased utilisation of various long term and short term facilities to meet the working capital requirements of the company owing to non-payment of subsidy and other receivables from government entities and departments.

INDEPENDENT AUDITORS' REPORT

To the members of K-Electric Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of K-Electric Limited (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the note 30.1.1 to the annexed financial statements which describes that the mark-up / financial charges on outstanding liabilities due to government controlled entities will be payable by the Company only when it will reciprocally receive mark-up on outstanding receivable balances on account of tariff differential claims and energy dues of the Company's public sector consumers. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	**First time application of IFRS 9 'Financial Instruments'**	
	(Refer note 2.2 to the annexed financial statements) IFRS 9 'Financial Instruments' became applicable to the Company for the first time effective July 1, 2018. IFRS 9 has superseded the requirements of IAS 39 "Financial Instruments - Recognition and Measurement". IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and has introduced new rules for hedge accounting and a new impairment model for financial assets. The Company's management has determined that the most significant impact of IFRS 9 on the financial statements of the Company is in respect of the allowance for the impairment of trade debts. IFRS 9 requires the allowance for the impairment of trade debts be recognised by determining the Expected Credit Loss (ECL) rather than incurred credit loss, a concept prevalent under IAS 39. The measurement of ECL takes into account range of probable outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECL in accordance with IFRS 9 is therefore complex and involves a number of judgments and assumptions. The Company has adopted IFRS 9 using the modified retrospective approach and has recognised ECL amounting to Rs 25,736.403 million in opening retained earnings as at July 1, 2018 against the trade debts. Due to the significance of the amounts involved and the use of management judgments and estimates, we have considered determination of ECL as a key audit matter.	Our audit procedures amongst other included the following: Reviewed and understood the requirements of IFRS 9. Considered the management's process to assess the impact of adoption of IFRS 9 on the Company's financial statements. Evaluated the key decisions made by the Company's management with respect to accounting policies, estimates and judgements in relation to adoption of IFRS 9 and assessed the appropriateness based on our understanding of the Company's business and operations. Reviewed the impairment model used by the management to calculate ECL on trade debts of the Company for appropriateness of the assumptions used and the methodology applied. We also tested the arithmetical accuracy of the model. Reviewed and assessed the financial impacts and adequacy and appropriateness of disclosures made in the financial statements in relation to adoption of IFRS 9.

S. No.	Key audit matters	How the matter was addressed in our audit
(ii)	**Tariff adjustment on account of write-off of bad debts**	
	(Refer note 32.2 to the annexed financial statements) Revenue recognised during the year in respect of tariff adjustment on account of write-off of bad debts amounted to Rs. 4,050 million comprising of receivables from 10,353 customers. As required under the Multi-Year Tariff for the period from July 01, 2016 to June 30, 2023 (MYT 2017-23), for the purpose of claim of tariff adjustment in respect of write-off of bad debts, the Company is required to ensure that certain procedures are completed in order to claim such write-off. Tariff adjustment being part of revenue is assessed as an area involving presumed risk of material misstatement, hence, significant risk for the audit. Further, such tariff adjustment on account of write-off of bad debts requires certain significant judgements and interpretation of MYT 2017-23 by the management. Accordingly, we considered tariff adjustment on account of write-off of bad debts as a key audit matter.	Our audit procedures amongst other included the following: Updated our understanding of the requirements of MYT 2017-23 relating to the claim of write-off of bad debts as tariff adjustment. Evaluated the key basis / assumptions that have been used and procedures that have been performed by the Company's management for determining the eligibility of the claim for write-off. Evaluated whether the compliance was made by the Company to the specific requirements stipulated in MYT 2017-23 relating to claim of write-off of bad debts. Verified as part of requirement of MYT 2017-23 that the amount is not recoverable notwithstanding the efforts of the Company. Reviewed and assessed the financial impacts and adequacy and appropriateness of disclosures made in the financial statements in this respect.

S. No.	Key audit matters	How the matter was addressed in our audit
(iii)	**Contingencies**	
	(Refer notes 30.1.2, 30.1.4, 30.1.5, 30.1.6 and 40.1 to the annexed financial statements) As at June 30, 2019, the Company has contingencies in respect of regulatory and tax matters, which are pending adjudication before various appellate forums and courts of law. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to significance of the amounts involved, inherent uncertainties with respect to the outcome of the on-going litigations and use of significant management judgements and estimates to assess the related financial impacts, we considered above referred contingencies as a key audit matter.	Our audit procedures amongst other included the following: Updated our understanding of these regulatory and tax matters through meetings with the management, including the Company's in-house legal and tax experts. Read correspondence of the Company with relevant authorities and the Company's external legal and tax advisors including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved. Circularised confirmations to the Company's external legal advisors for their views on the pending cases. Involved internal tax professionals to assess management's conclusions on contingent tax matters. Whilst noting the inherent uncertainties involved in the regulatory and tax matters, assessed the adequacy and appropriateness of the related disclosures made in the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partners on the audit resulting in this independent auditors' report are Waqas Aftab Sheikh (A. F. Ferguson & Co.) and Raheel Shahnawaz (BDO Ebrahim & Co.).

A. F. Ferguson & Co.
Chartered Accountants

BDO Ebrahim & Co.
Chartered Accountants

Place: Karachi
Date: April 18, 2020

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	June 30, 2019	June 30, 2018
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	4	326,549,553	277,403,146
Intangible assets	5	274,610	291,757
Long-term loans	6	19,205	22,001
Long-term deposits	7	13,734	15,806
		326,857,102	277,732,710
Current assets			
Stores, spares and loose tools	8	12,077,761	11,484,428
Trade debts	9	99,928,057	115,371,262
Loans and advances	10	871,189	889,124
Deposits and short-term prepayments	11	3,398,983	2,510,186
Other receivables	12	144,806,110	56,985,781
Taxation - net		748,510	3,873,793
Derivative financial asset	13	4,464,424	669,985
Cash and bank balances	14	2,664,841	1,132,674
		268,959,875	192,917,233
Assets classified as held for sale	15	3,047,856	3,047,856
		272,007,731	195,965,089
TOTAL ASSETS		598,864,833	473,697,799
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid up capital	16	96,261,551	96,261,551
Reserves			
Capital reserves			
Share premium and other reserves	17	2,009,172	2,009,172
Surplus on revaluation of property, plant and equipment	18	65,880,437	54,087,395
		67,889,609	56,096,567
Revenue reserves			
General reserves		5,372,356	5,372,356
Unappropriated profit		44,965,946	49,562,564
		50,338,302	54,934,920
		118,227,911	111,031,487
TOTAL EQUITY		214,489,462	207,293,038
LIABILITIES			
Non-current liabilities			
Long-term diminishing musharaka	19	8,687,165	13,005,681
Long-term financing	20	41,227,153	11,896,987
Long-term deposits	21	10,808,331	9,718,749
Employee retirement benefits	22	5,094,674	4,441,177
Deferred revenue	23	23,209,643	21,387,917
Deferred taxation	24	-	-
		89,026,966	60,450,511
Current liabilities			
Current maturity of long-term diminishing musharaka	19	4,400,000	4,400,000
Current maturity of long-term financing	20	3,274,552	2,184,620
Trade and other payables	25	190,794,648	140,458,457
Unclaimed dividend		645	645
Accrued mark-up	26	7,527,712	6,369,631
Short-term borrowings	27	71,921,721	41,317,360
Short-term deposits	28	17,407,727	11,177,087
Provision	29	21,400	46,450
		295,348,405	205,954,250
TOTAL LIABILITIES		384,375,371	266,404,761
TOTAL EQUITY AND LIABILITIES		598,864,833	473,697,799
Contingencies and Commitments	30		

The annexed notes 1 to 55 form an integral part of these financial statements.

Syed Moonis Abdullah Alvi
Chief Executive Officer

Khalid Rafi
Director

Muhammad Aamir Ghaziani
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		(Rupees in '000)	
REVENUE			
Sale of energy – net	31	191,674,571	184,155,557
Tariff adjustment	32	97,444,499	32,970,950
		289,119,070	217,126,507
COST OF SALES			
Purchase of electricity	33	(95,153,398)	(77,454,783)
Consumption of fuel and oil	34	(120,616,728)	(71,870,026)
Expenses incurred in generation, transmission and distribution	35	(22,642,835)	(22,504,522)
		(238,412,961)	(171,829,331)
GROSS PROFIT		50,706,109	45,297,176
Consumers services and administrative expenses	36	(25,196,447)	(20,846,255)
Impairment loss against trade debts	9.3	(12,873,209)	(13,843,173)
Other operating expenses	37	(5,033,029)	(2,122,422)
Other income	38	7,563,950	8,470,214
		(35,538,735)	(28,341,636)
PROFIT BEFORE FINANCE COST		15,167,374	16,955,540
Finance cost	39	(6,284,677)	(3,236,292)
PROFIT BEFORE TAXATION		8,882,697	13,719,248
Taxation	40	8,390,920	(1,407,418)
NET PROFIT FOR THE YEAR		17,273,617	12,311,830
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION (EBITDA)	41	31,235,745	32,422,041
		(Rupees)	
EARNING PER SHARE - BASIC AND DILUTED	42	0.63	0.45

The annexed notes 1 to 55 form an integral part of these financial statements.

Syed Moonis Abdullah Alvi
Chief Executive Officer

Khalid Rafi
Director

Muhammad Aamir Ghaziani
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	(Rupees in '000)	
Net profit for the year	17,273,617	12,311,830
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Changes in fair value of cash flow hedges	3,794,440	704,443
Adjustment for amounts transferred to profit or loss	(3,794,440)	(704,443)
	-	-
Items that will not be reclassified to profit or loss		
Remeasurement of post employee benefit obligations	(336,895)	(297,330)
Less: Taxation thereon	97,699	86,226
	(239,196)	(211,104)
Revaluation surplus arising during the year	25,808,951	11,031,946
Less: Taxation thereon	(7,484,596)	(3,309,584)
	18,324,355	7,722,362
Add: Effect of change in tax rate	(2,425,949)	3,153,634
	15,898,406	10,875,996
	15,659,210	10,664,892
Total comprehensive income for the year	32,932,827	22,976,722

The annexed notes 1 to 55 form an integral part of these financial statements.

Syed Moonis Abdullah Alvi
Chief Executive Officer

Khalid Rafi
Director

Muhammad Aamir Ghaziani
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed and paid-up capital			Reserves							Total
				Capital				Revenue			
	Ordinary shares	Transaction costs	Total Share Capital	Share premium (note 16.3)	Others	Surplus on revaluation of Property, plant and equipment	Total	General reserves	Un-appropriated profit	Total	
	(Rupees in '000)										
Balance as at July 1, 2017	96,653,179	(391,628)	96,261,551	1,500,000	509,172	47,605,194	49,614,366	5,372,356	33,068,043	38,440,399	184,316,316
Total comprehensive income for the year ended June 30, 2018											
Profit for the year	-	-	-	-	-	-	-	-	12,311,830	12,311,830	12,311,830
Other comprehensive income / (loss)	-	-	-	-	-	10,875,996	10,875,996	-	(211,104)	(211,104)	10,664,892
	-	-	-	-	-	10,875,996	10,875,996	-	12,100,726	12,100,726	22,976,722
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	(4,393,795)	(4,393,795)	-	4,393,795	4,393,795	-
Balance as at June 30, 2018	96,653,179	(391,628)	96,261,551	1,500,000	509,172	54,087,395	56,096,567	5,372,356	49,562,564	54,934,920	207,293,038
Effect of change in accounting policy (note 2.2)	-	-	-	-	-	-	-	-	(25,736,403)	(25,736,403)	(25,736,403)
Balance as at July 1, 2018 - restated	96,653,179	(391,628)	96,261,551	1,500,000	509,172	54,087,395	56,096,567	5,372,356	23,826,161	29,198,517	181,556,635
Total comprehensive income for the year ended June 30, 2019											
Profit for the year	-	-	-	-	-	-	-	-	17,273,617	17,273,617	17,273,617
Other comprehensive income / (loss)	-	-	-	-	-	15,898,406	15,898,406	-	(239,196)	(239,196)	15,659,210
	-	-	-	-	-	15,898,406	15,898,406	-	17,034,421	17,034,421	32,932,827
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	(4,105,364)	(4,105,364)	-	4,105,364	4,105,364	-
Balance as at June 30, 2019	96,653,179	(391,628)	96,261,551	1,500,000	509,172	65,880,437	67,889,609	5,372,356	44,965,946	50,338,302	214,489,462

The annexed notes 1 to 55 form an integral part of these financial statements.

Syed Moonis Abdullah Alvi
Chief Executive Officer

Khalid Rafi
Director

Muhammad Aamir Ghaziani
Chief Financial Officer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		(Rupees in '000)	
Cash Flows From Operating Activities			
Profit before taxation		8,882,697	13,719,248
Adjustments for non-cash charges and other items:			
Depreciation and amortization		16,068,371	15,466,501
Provision for employee retirement benefits		1,062,580	851,734
Provision for slow moving and obsolete stores, spare parts and loose tools, net	8.1	6,554	36,291
Provision for impairment against trade debts	9.3	18,256,508	16,300,201
Amortization of transaction cost and exchange loss on long term financing		5,536,624	1,073,533
Gain on sale of property, plant and equipment	38	(1,137,300)	(535,017)
Provision for impairment / write off of property, plant and equipment		-	28,631
Gain on derivative financial assets		(3,794,440)	(669,985)
Finance cost	39	6,284,677	3,236,292
Amortization of deferred revenue	23	(1,831,470)	(1,686,016)
Return on bank deposits	38	(249,379)	(132,057)
Operating profit before working capital changes		49,085,422	47,689,356
Working capital changes:			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(599,887)	(2,081,586)
Trade debts		(28,549,706)	(28,251,709)
Loans and advances		17,935	(114,907)
Deposits and short term prepayments		(888,797)	648,098
Other receivables		(87,820,329)	(23,854,369)
		(117,840,784)	(53,654,473)
Increase in current liabilities			
Trade and other payables		52,536,191	23,391,800
Short-term deposits		6,230,640	5,552,524
		58,766,831	28,944,324
Cash (used in) / generated from operations		(9,988,531)	22,979,207
Employee retirement benefits paid		(745,978)	(1,589,834)
Income tax paid		(496,643)	(2,388,793)
Receipts in deferred revenue	23	3,653,196	2,880,574
Finance cost paid		(9,535,595)	(2,675,853)
Payments made in respect of out of court settlements		(25,050)	-
Interest received on bank deposits		249,379	132,057
Long-term loans		2,796	(224)
Long-term deposits		2,072	(2,309)
		(6,895,823)	(3,644,382)
Net cash (used in) / generated from operating activities		(16,884,354)	19,334,825
Cash Flows From Investing Activities			
Capital expenditure incurred		(35,573,823)	(44,614,122)
Acquisition of assets classified as held for sale		-	(48,740)
Proceeds from disposal of property, plant and equipment	4.2	1,731,443	937,230
Net cash used in investing activities		(33,842,380)	(43,725,632)
Cash Flows From Financing Activities			
Repayment Long-term diminishing musharaka	46.4	(4,400,000)	(4,400,000)
Long-term financing - net	46.4	24,964,958	5,833,070
Short-term borrowings - net	46.4	30,357,181	3,488,128
Security deposit from consumers	46.4	1,089,582	1,118,641
Net cash generated from financing activities		52,011,721	6,039,839
Net increase / (decrease) in cash and cash equivalents		1,284,987	(18,350,968)
Cash and cash equivalents at beginning of the year		(26,771,993)	(8,421,025)
Cash and cash equivalents at end of the year	44	(25,487,006)	(26,771,993)

The annexed notes 1 to 55 form an integral part of these financial statements.

Syed Moonis Abdullah Alvi	Khalid Rafi	Muhammad Aamir Ghaziani
Chief Executive Officer	Director	Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. THE COMPANY AND ITS OPERATIONS

1.1 K-Electric Limited "the Company" was incorporated as a limited liability company on September 13, 1913 under the repealed Indian Companies Act, 1882 (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at KE House, 39-B, Sunset Boulevard, Phase II, DHA, Karachi.

1.2 The Company is principally engaged in the generation, transmission and distribution of electric energy to industrial and other consumers under the Electricity Act, 1910 and the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 to its licensed areas. KES Power Limited (the Holding Company) incorporated in Cayman Island, holds 66.40 percent (2018: 66.40 percent) shares in the Company.

1.3 The business units of the Company include the following:

Place of business	Geographical Location
Registered / Head Office	KE House, 39-B, Sunset Boulevard, Phase II (Ext.), DHA, Karachi
Generation Plants	Port Qasim, Karachi, Korangi, Karachi & S.I.T.E., Karachi
Elander Road Office	Elander Road, Karachi
Civic Centre Office	Civic Centre, Karachi

Integrated Business Centers (IBCs), Grid stations, inventory stores / warehouses and substations are located across the Company's licensed territory, which covers Karachi and adjoining areas of Sindh and Balochistan.

1.4 As notified on the Pakistan Stock Exchange on October 28 2016, Shanghai Electric Power (SEP) has entered into a Sale and Purchase Agreement (SPA) with KES Power Limited (Holding Company) to acquire up to 66.40 percent of the shares in the Company. The completion of the transaction contemplated by SPA is subject to receipt of applicable regulatory approvals and satisfaction of other conditions precedent specified therein.

SEP notified its initial Public Announcement of Intention (PAI) for the above equity acquisition on October 3, 2016. Subsequently, in order to comply with the statutory requirements under the Securities Act 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations 2017, SEP notified fresh PAIs on June 29, 2017, March 29, 2018, December 25, 2018 and September 30, 2019 incorporating amended / additional requirements pursuant to the Securities Act 2015 and the aforementioned regulations. On the request of SEP, Securities and Exchange Commission of Pakistan (SECP) has granted further extension of ninety days to make public announcement of offer by SEP which may be made by June 26, 2020.

1.5 The Company, being a regulated entity, is governed through Multi Year Tariff (MYT) regime. Accordingly, National Electric Power Regulatory Authority (NEPRA) determines tariff for the Company for the tariff control period from time to time. The MYT which was determined in 2009 was for a seven-year period which expired on June 30, 2016. On March 31, 2016, the Company filed a tariff petition with NEPRA for continuation of the MYT for a further 10 year period starting from July 1, 2016 along with certain modifications in the tariff. NEPRA vide its determination dated March 20, 2017, determined the MYT for the period commencing from July 1, 2016 till June 30, 2023 (MYT 2017 - 23). Considering that some of the assumptions in the MYT 2017-23 determined by NEPRA were not reflective of ground realities and would be detrimental to the long term investment plan and operations, the Company, in order to protect long term interest of the business filed a review motion with NEPRA on April 20, 2017.

NEPRA issued its decision on the Company’s review motion and largely maintained its earlier decision. The Ministry of Energy (Power Division), Government of Pakistan (the GoP) on request of Company filed a ‘Reconsideration request‘ with NEPRA dated October 26, 2017 under Section 31 (4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (Act, 1997) to consider afresh its earlier determination to ensure that consumer interest in terms of continuous and efficient service delivery is maintained. NEPRA, vide its decision dated July 5, 2018 (MYT decision) in the matter of 'Reconsideration request' filed by the GoP, determined the revised MYT. The Company after considering that the MYT decision does not consider actual equity invested into the Company, applies notional capital structure based on the assumption of 70:30 debt to equity ratio and is a drastic departure from the previous structure without providing the Company an appropriate transition period, approached the Appellate Tribunal for the relief under Section 12G of the Act , 1997 (as amended). The Appellate Tribunal is yet to be made functional by the GoP. The Company also approached the High Court of Sindh (SHC) against the aforementioned MYT decision and filed a suit in which a stay order was granted on July 26, 2018. The Company, on April 3, 2019, withdrew the suit filed with SHC against MYT decision, as the Company decided to pursue its legitimate concerns / issues with Appellate Tribunal, however, reserves its right to again approach the SHC if required. The Ministry of Energy (Power Division) has notified the MYT decision through SRO 576 (I) /2019 dated May 22, 2019.

The Company's revenue for the current year has been based on the aforementioned MYT decision.

1.6 Subsequent to the year end, the Company has filed Mid Term Review petition with NEPRA on March 11, 2020, as per the mechanism included in the MYT decision dated July 5, 2018, for reassessment of impact of USD indexation on allowed Return on Equity due to variation in actual exchange rates against the projected exchange rates assumed in tariff, impact of changes in the investment plan and impact of working capital requirements of the Company along-with adjustment on account of variation in KIBOR and LIBOR rates assumed in tariff projections as compared to actual rates and variation in sent-out growth assumed within tariff projections versus actual growth. Accordingly, through the petition, the Company has requested for increase in the base tariff of Rs. 1.64 / kWh effective July 1, 2016. As the amount is currently subject to determination by NEPRA, therefore, based on prudence, the related financial impacts have not been accounted for in these financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable on the Company in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Initial application of standards, amendments or interpretations to existing standards

a) New standards and amendments and interpretations to accounting and reporting standards which became effective during the year ended June 30, 2019

The following new standards and interpretation to the accounting and reporting standards as applicable in Pakistan were effective for the first time during the year ended June 30, 2019:

- IFRS 9 'Financial Instruments' (applicable to the Company for the year ended June 30, 2019) addresses the classification, measurement and recognition of financial assets and financial liabilities and replaced the related guidance in IAS 39 that was related to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. IFRS 9 retained but simplified the measurement model and established three primary measurement categories for financial assets;

namely Amortised Cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVPL). The basis of classification depends on the Company's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at FVPL with the irrevocable option at inception to present changes in fair value in OCI, without recycling fair value changes to profit or loss.

IFRS 9 also includes an Expected Credit losses (ECL) model that replaced the incurred loss impairment model as given in IAS 39. The ECL model involves a three-stage approach whereby financial assets move through the three stages as the credit quality changes. A simplified approach is permitted for financial assets that do not have a significant financing component (e.g. trade debts).

For financial liabilities, there are no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at fair value through profit or loss.

IFRS 9 also relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes.

The SECP through its SRO No. 985(I)/2019 dated September 2, 2019 notified that in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 with respect to application of ECL method shall not be applicable till June 30, 2021, provided such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. In addition while calculating the impairment against receivables due from the Government of Pakistan and other government entities, the impact of corresponding payables have also been taken into account due to the presence of legal right to set off on a net basis, which is supported by a legal opinion, including the late payment surcharge as more fully explained in Note 30.1.1.

The Company has adopted IFRS 9 using the modified retrospective approach for classification, measurement and impairment. Accordingly, the cumulative impact of the adoption has been recognised in unappropriated profit as of July 1, 2018 and comparatives have not been restated.

The adoption of IFRS 9 from July 1, 2018 by the Company has resulted in change in accounting policies (notes 3.7 and 3.9), and as per the Company's business model, its financial assets and liabilities have been defined into appropriate IFRS 9 categories (i.e. mainly financial assets previously classified as 'loan and receivables' have now been classified as 'amortised cost'). Further, the impacts of applying ECL approach on the Company's trade debts are as follows:

	(Rupees in '000)
Reserves	
Unappropriated profit as at June 30, 2018 - as previously reported	49,562,564
Impact of adoption of IFRS 9 relating to provision for impairment against trade debts	(25,736,403)
Unappropriated profit as at July 1, 2018 - restated	23,826,161
Trade debts	
Balance as at June 30, 2018 - as previously reported	115,371,262
Impact of adoption of IFRS 9 relating to provision for impairment against trade debts	(25,736,403)
Balance as at July 1, 2018 - restated	89,634,859

The impact of this change on the deferred taxation has been disclosed in note 24.

As a result of consequential amendment to IAS 1 'Presentation of Financial Statements', impairment loss against trade debts determined in accordance with IFRS 9 has been presented as a separate line item in the statement of profit or loss. Further for better presentation, impairment loss against trade debts for the year ended June 30, 2018 amounting to Rs. 13,843 million in relation to financial assets not due from Government of Pakistan, which was determined in accordance with IAS 39, has been reclassified from 'consumers services and administrative expenses' and presented as a separate line item in the statement of profit or loss.

- IFRS 15 'Revenue from contracts with customers'. This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of good or service and thus has the ability to direct the use and obtain the benefits from the good or service. IFRS 15 has replaced IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The adoption of IFRS 15 from July 1, 2018 has resulted in change in accounting policies (note 3.18), however, the impact of its adoption or classification and measurement is not considered material on these financial statements.

- IFRIC 22 'Foreign currency transactions and advance consideration'. This interpretation clarifies the determination of the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, a date of transaction is determined as above for each payment or receipt. The application of IFRIC 22 does not have a significant impact on these financial statements.

  Additionally there are certain other amendments and an interpretation to the accounting and reporting standards that are mandatory for the first time for the year ended June 30, 2019. However, these are neither considered relevant nor have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

b) Standards and amendments and interpretations to accounting and reporting standards that are effective for the Company's accounting periods beginning on or after July 1, 2019

- IFRS 16 'Leases' will be effective for the Company's annual accounting period beginning July 1, 2019. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under IFRS 16, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

  Further, the SECP through its SRO No. 986(I)/2019 dated September 2, 2019 has granted exemption from requirements of IFRS 16 'Leases' to all companies that have executed their power purchase agreements before January 1, 2019. Consequently all the power purchase agreements entered before the aforementioned date will continue to be treated under IFRIC 4 'Determining Whether an Arrangement Contains a Lease'.

  At present the Company is in the process of determining the impacts of application of IFRS 16 on the ensuing year's financial statements of the Company.

- IFRS 14 'Regulatory Deferral Accounts' will be effective for the Company's annual accounting period beginning July 1, 2019. The objective of IFRS 14 is to specify the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation. However, this is not expected to have an impact on the financial reporting of the Company.

Additionally there are certain other amendments and an interpretation to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these are considered not to have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except otherwise stated in these financial statements.

2.4 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistan Rupees, which is also the Company's functional currency.

2.5 Use of estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, management has made the following accounting estimates and judgments which are significant to these financial statements:

2.5.1 Tariff adjustment determination

As per the mechanism laid out in the MYT decision, the Company seeks adjustments for fuel price, cost of power purchase, operation and maintenance cost and unrecovered cost including non-recoverable dues written-off, as per NEPRA's determination on a monthly / quarterly / annual basis. The monthly / quarterly / annual determinations of the tariff adjustment are approved by NEPRA on a time to time basis, resulting in provisional amounts being recognised by the Company based on its judgements, till the approval from NEPRA is received.

2.5.2 Property, plant and equipment

The Company reviews appropriateness of the useful lives and residual values used in the calculation of depreciation on an annual basis. The estimates of revalued amounts of leasehold land, plant and machinery and transmission grid equipment are based on valuation carried out by professional valuers. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. Any change in these estimates in the future might affect the carrying amount of respective items of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

2.5.3 Provision for impairment of financial assets

Financial assets due from public sector consumers and tariff differential claims

The Company assesses the recoverability of these financial assets if there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms. Judgement by the management is required in estimation of the amount and timing of future cash flows when determining the level of provision required and in determining the debts that are not recoverable and are to be written off.

Other financial assets

The Company uses default rates based on provision matrix for large portfolio of customers who have similar characteristics to calculate ECL for trade debts.

The rates in provision matrix are based on days past due for various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates which is then adjusted for forward looking information.

The assessment of the correlation between historical observed default rates and the forecast economic conditions and ECL are significant estimates. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

2.5.4 Stores, spare parts and loose tools

The Company reviews the carrying values of stores, spare parts and loose tools to assess any diminution against which provision for impairment is made. The determination of provision involves the use of estimates with regards to holding period of stores, spare parts and loose tools.

2.5.5 Provision for retirement and other service benefit obligations

The present value of these obligations depends on a number of factors and is based on actuarial valuations, which uses a number of assumptions. Any change in these assumptions will impact the carrying amounts of these obligations. The present values of these obligations and the underlying assumptions / estimations are disclosed in note 22.

2.5.6 Taxation

In making the estimate for income tax payable, the Company takes into account the applicable tax laws and interpretations thereof based on past judgements and experience. Deferred tax asset is recognised for all unused tax losses and available credits to the extent that it is probable that sufficient taxable temporary differences and taxable profits will be available against which such losses and credits can be utilised. Significant judgement is exercised to determine the amount of deferred tax asset to be recognised.

2.5.7 Fair values

Based on the inputs used in valuation techniques, fair values are categorised into different levels in fair value hierarchy as defined in IFRS 13 'Fair value measurements'. Information about valuation techniques and inputs used for determination of the fair values of property, plant and equipment and derivatives is included in notes 4.1.4 and 45 respectively.

2.5.8 Derivatives

The Company has entered into cross currency swap and interest rate swap arrangements. The measurement involves the use of estimates with regard to interest rates and foreign currency exchange rates which fluctuate with the market.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements, unless otherwise stated.

3.1 Property, plant and equipment

3.1.1 Operating fixed assets

Initial recognition

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the Company and the cost of such item can be measured reliably. Recognition of the cost of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Major spare parts, stand by equipment and servicing equipments are capitalised from the date of purchase of such spares.

Measurement

All items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for leasehold land, plant and machinery and transmission grid equipments which are measured at revalued amounts, which is the fair value at the date of revaluation less accumulated depreciation and accumulated impairment losses, if any, recognised subsequent to the date of revaluation. Capital spares held by the Company for replacement of major items of plant and machinery are stated at cost less accumulated depreciation and impairment losses, if any.

If significant components of an item of property, plant and equipment have different useful lives, these are accounted for as separate items (major components) of property, plant and equipment.

Expenditure incurred to replace a component of an item of property, plant and equipment is capitalised. The carrying amount of the replaced part is derecognised. Other subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably.

Normal repairs and maintenance are charged to profit or loss during the period in which these are incurred.

Depreciation

Depreciation is charged to profit or loss, applying the straight line method where by cost of assets, less the residual values, is written off over the estimated useful lives at rates disclosed in note 4.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month preceding the disposal.

Useful lives are determined on expected usage of asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each reporting date.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the asset is derecognised. When revalued assets are sold, the relevant remaining surplus is reclassified directly to unappropriated profit.

3.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment, if any, and consists of expenditure incurred and advances made in respect of property, plant and equipment in the course of the acquisition, erection, construction and installation, including salaries and wages and any other costs directly attributable to capital work-in-progress. The assets are transferred to relevant category of operating fixed assets when those are available for use. Spare parts, standby equipment and servicing equipment are recognised as property plant and equipment when these meet the conditions to be classified as such.

3.1.3 Surplus on revaluation of property, plant and equipment

Revaluation surplus is recorded in other comprehensive income (OCI) and credited to the ‘surplus on revaluation of property, plant and equipment’ in equity. However, the increase is recorded in profit or loss to the extent it reverses a revaluation deficit of the same asset recognised previously. A decrease as a result of revaluation is recognised in profit or loss, however, decrease is recorded in the other comprehensive income to the extent of any credit balance being carried in revaluation surplus in respect of the same asset. An amount equivalent to incremental depreciation for the year net of deferred taxation is directly reclassified from “Surplus on revaluation of property, plant and equipment” to unappropriated profit through the 'Statement of changes in equity' to record realisation of surplus to the extent of the incremental depreciation charge for the year. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit.

Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation, and depreciation charge for the year is taken to profit or loss .

3.2 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Costs that are directly associated with identifiable software and have probable economic benefits beyond one year are recognised as intangible assets. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite useful lives are amortised on a straight line basis over the useful economic life specified in note 5.2, and are assessed for impairment whenever there is an indication of impairment. Amortisation on additions is charged from the month of acquisition and on disposals up to the month preceding the deletion.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

3.3 Investment in associates / joint venture

Investment in associates / joint venture are accounted for using the equity method. These are recognised initially at cost. Subsequent to initial recognition, the carrying value of investment in associate includes share of profit or loss and other comprehensive income of the associate after the date of acquisition. Dividend, if any, reduces the carrying amount of the investment.

3.4 Financial instruments

3.4.1 Financial assets

Classification

Upto June 30, 2018, the Company classified its financial assets into four categories namely 'at fair value through profit or loss' 'loans and receivables', 'held to maturity' and 'available for sale'.

Effective from July 1, 2018, the Company classifies its financial assets in the following categories:

a) At amortised cost

Financial assets at amortised cost are held within a business model whose objective is to collect contractual cash flows when those cash flows represents solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised in profit or loss.

b) At fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) At fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Recognition and measurement

The Company recognises financial asset when it becomes party to the contractual provisions of the instrument. Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets are subsequently remeasured to fair value or amortised cost as the case may be. Any gain or loss on the recognition and derecognition of the financial assets is included in profit or loss for the period in which it arises.

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in the profit or loss. Dividends from such investments continue to be recognised in the profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

3.4.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through the profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in profit or loss.

3.4.3 Offsetting financial instruments

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the

Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.5 Assets held for sale

Assets are classified as held for sale if the carrying amount of the asset is to be recovered principally through a sale transaction rather than through continuing use, the sale is considered highly probable within one year from reporting date and the asset is available for immediate sale in the present condition. These are measured at the lower of carrying amount and fair value less costs to sell. Assets classified as held for sale are presented separately from the other assets in the statement of financial position.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised.

Assets are not depreciated or amortized while such are classified as held for sale.

3.6 Stores and spares

These are measured at moving average cost less impairment loss, if any, except items in transit, which are stated at cost. Provision is made for obsolete, damaged and slow moving items where necessary and is recognised in profit or loss.

3.7 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless these contain significant financing component in which case these are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest method. Impairment of trade debts and other receivables is described in note 3.9.1.

3.8 Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments to hedge its interest rate risk and foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are classified as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge are taken to profit or loss.

The fair value of derivative financial instruments is determined by reference to market values for similar instruments or by using discounted cash flow method.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company intends to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item’s fair value or cash flows attributable to the hedge risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair values or cash flows and are assessed on an ongoing basis to determine that these actually have been highly effective throughout the financial reporting periods for which such were designated.

Derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non current portion only if a reliable allocation can be made.

Fair value hedges

Fair value hedge is a hedge of exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

The change in the fair value of a hedging derivative is recognised in profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in profit or loss. If the hedged item is derecognised, the unamortized fair value is recognised immediately in profit or loss.

Cash flow hedges

Cash flow hedge is a hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in OCI and accumulated in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss i.e. when the hedged financial income or expense is recognised or when the forecasted transaction occurs. Where the hedged item is the cost of a non financial asset or non financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non financial asset or liability. If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

3.9 Impairment

3.9.1 Impairment of financial assets

Financial assets covered under IFRS 9

Effective from July 1, 2018, the Company recognises on a forward looking basis an allowance for expected credit losses (ECL) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the terms of the contract and all the cash flows that the Company expects to receive after consideration of time value of money. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, contract assets and other receivables, the Company applies a simplified approach in calculating ECL, which uses a lifetime expected loss allowance. The Company has established a provision matrix for large portfolio of customers having similar characteristics and the days past due based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment.

The Company recognises in profit or loss, as impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets covered under IAS 39

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

3.9.2 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated to determine the extent of impairment loss. An impairment loss is recognised, as an expense in profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Cash and cash equivalents

For the purposes of statement of cash flows, cash and cash equivalents comprise cash in hand, balances with banks and short term placements readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents also include short term running finances which form an integral part of the Company's cash management.

3.11 Share capital

Ordinary shares are classified as equity and are recognised at the face value. Incremental costs directly attributable to the issue of new shares or options, net of any tax effects, are recognised as a deduction from equity.

3.12 Loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs, if any.

Loans and borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction cost) and the redemption value being recognised in profit or loss over the period of the borrowing, using the effective interest method.

3.13 Deferred revenue

Deferred revenue represents amounts received from consumers as contribution towards the cost of supplying and laying service connections, extension of mains and street lights. Amortisation of deferred revenue commences upon completion of related work and is credited to profit or loss at the rate of 5% per annum corresponding to the annual depreciation charge of respective asset.

3.14 Employee retirement and other service benefits

3.14.1 Defined benefit plans

Provisions are made to cover the obligations under defined benefit gratuity scheme, post retirement medical benefits and electricity rebate on the basis of annual actuarial valuations.

The amount recognised in the statement of financial position represents the present value of defined benefit obligations less fair value of any plan assets. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income with no subsequent recycling to profit or loss.

The Company operates following retirement schemes for its employees.

(a) Defined benefit gratuity scheme

The Company operates a funded gratuity scheme managed by trustees. The funded gratuity scheme covers all regular employees of the Company. The scheme provides for an ascending scale of benefits dependent on the length of service of employees or terminal dates subject to completion of minimum qualifying period of service. Gratuity is based on employee's last drawn salary. Contributions are made to the fund in accordance with the actuarial recommendations.

(b) Post retirement medical benefits

The Company offers post retirement medical coverage to its eligible employees and their dependents. Under the unfunded scheme all such employees are entitled for such coverage for a period of 10 years and spouse and minor children of retired and deceased employees for a period of 5 years starting from the date of retirement / death.

(c) Electricity rebate

The Company provides a rebate on the electricity bills to its eligible retired employees for the first five years after retirement.

3.14.2 Defined contributory provident fund

The Company operates an approved contributory provident fund for all its eligible management and non-management employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the prevailing prescribed rates applied on basic salary.

3.14.3 Earned leave

The Company allows Leave Preparatory to Retirement (LPR) for staff and eligible officers. The liabilities for earned leave relate to earned leave that the employee will use and encash in future. The amount recognised in the statement of financial position represents the present value of the obligation based on actuarial valuation. Remeasurement gains and losses pertaining to long term compensated absences are recognised in profit or loss. This comprise of staff and officers as follows:

(a) Staff

Employees earn 42 days leave each year. Accumulation is limited to a maximum of 365 days earned leave, no encashment is permitted.

(b) Officers

Employees earn 30 days leave each year. No accumulation or encashment is permitted. Unused leave lapses at the end of each year. Some historical balances of accumulated leave remain. These are available for encashment and leave preparatory to retirement.

3.15 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax expense is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case, the related tax expense is also recognised in other comprehensive income or directly in equity, respectively.

3.15.1 Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable / receivable in respect of previous years.

3.15.2 Deferred

Deferred tax is recognised using the balance sheet method, providing for all taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Company recognises deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.16 Trade and other payables

Trade and other payables are recognised initially at fair value less directly attributable cost, if any, and subsequently measured at amortised cost.

3.17 Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.18 Revenue recognition

Upto June 30, 2018, revenue was recognised when it was probable that future economic benefits would flow to the Company and these benefits could be measured reliably. Revenue was measured at the fair value of the consideration received or receivable. Effective July 1, 2018, revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies. Revenue is recognised on the following basis:

3.18.1 Energy sale

Revenue is recognised on supply of electricity to consumers based on meter readings at the rates notified by the government from time to time. Revenue is also recognised for the estimated electricity supplied to customers between the date of last meter reading and the reporting date.

3.18.2 Tariff adjustment

Tariff differential subsidy including claim for variation in fuel prices, cost of power purchase, operation and maintenance cost, write-off of trade debts and unrecovered cost are recognised on accrual basis.

3.18.3 Service connection charges

Service connection fee does not represent a separate identifiable component of the contract to provide ongoing access to the supply of electricity to the consumers and is considered part of the bundle of services provided to the consumers. This component of fee is recognised in profit or loss upon establishing network connection as this fee is not material in the overall context of these financial statements.

3.18.4 Late payment surcharge

Surcharge on late payment is accounted for after the due date of payment has passed. In case of Government / semi-Government entities and local bodies, late payment surcharge is accounted for on receipt basis.

3.18.5 Rebate on electricity duty

Rebate on electricity duty is recognised at the rates specified by the Government and is recognised on electricity duty collected.

3.18.6 Interest / mark-up income

The Company recognises interest income / mark-up on bank balances and deposits on time proportion basis.

3.19 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are added to the cost of those assets, during the period of time that is required to complete and prepare the asset for its intended use.

3.20 Assets held under operating leases / Ijarah financing

Assets held under operating leases / Ijarah financing are not recognised on the Company's financial statements and payments made under operating leases / Ijarah financing are recognised in profit or loss on a straight line basis over the term of the lease.

3.21 Foreign currency transactions and translation

Foreign currency transactions are recorded in Pakistan Rupees (i.e. presentation and functional currency) using the exchange rate approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the reporting date. Gains and losses on translation are taken to profit or loss, however, in case of monetary assets and liabilities designated as hedged items against a cash flow hedge, the gains and losses on translation of the same are taken to other comprehensive income to the extent that related hedges are effective. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.22 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the period in which these are approved.

3.23 Earnings Per Share

The Company presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares.

	Note	2019	2018
		(Rupees in '000)	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	264,325,147	220,323,561
Capital work-in-progress	4.4	62,224,406	57,079,585
		326,549,553	277,403,146

4.1 Operating fixed assets

	Revaluation model	Cost model			Revaluation model			Cost model									
	Land		Buildings on		Plant and machinery			others									
	Leasehold (note 4.1.1)	Other (note 4.1.2)	Leasehold land	Other land	Owned	Assets given under long term diminishing musharka sukuk (note 19.1)	Transmission grid equipment	Transmission lines	Distribution networks	Renewals of mains and services	Furniture, air-conditioners and office equipment	Vehicles	Computers and related equipment	Tools and general equipment	Major spare parts	Simulator Equipment	Total
	(Rupees in '000)																
As at July 1, 2017																	
Cost / Revalued amount	14,042,225	561,132	3,053,218	4,756,716	128,368,608	44,666,869	50,989,156	16,552,950	55,210,098	2,713,071	1,373,185	222,100	1,125,473	1,445,559	3,010,776	67,713	328,158,849
Accumulated depreciation	(1,963,041)	-	(606,169)	(1,543,430)	(34,290,328)	(24,600,909)	(19,646,861)	(8,722,274)	(23,831,924)	(2,076,380)	(912,730)	(172,340)	(757,166)	(864,760)	(716,637)	(67,713)	(120,772,662)
Net book value	12,079,184	561,132	2,447,049	3,213,286	94,078,280	20,065,960	31,342,295	7,830,676	31,378,174	636,691	460,455	49,760	368,307	580,799	2,294,139	-	207,386,187
Year ended June 30, 2018																	
Opening net book value	12,079,184	561,132	2,447,049	3,213,286	94,078,280	20,065,960	31,342,295	7,830,676	31,378,174	636,691	460,455	49,760	368,307	580,799	2,294,139	-	207,386,187
Additions (note 4.4)	114,585	5,579	74,197	85,235	3,873,603	-	1,622,679	587,844	9,474,089	141,296	200,458	16,382	261,795	104,177	1,126,213	-	17,688,132
Revaluation surplus (note 4.1.3)	574,959	-	-	-	6,121,751	677,400	3,657,835	-	-	-	-	-	-	-	-	-	11,031,945
Disposals																	
Cost / Revalued amount	-	-	-	-	(34,102)	-	(66,553)	(98,407)	(1,321,937)		(49,551)	(10,131)	(3,227)	(2,142)	-	-	(1,586,050)
Accumulated depreciation	-	-	-	-	16,130	-	43,076	48,667	1,018,828		43,320	9,118	2,778	1,920	-	-	1,183,837
	-	-	-	-	(17,972)	-	(23,477)	(49,740)	(303,109)	-	(6,231)	(1,013)	(449)	(222)	-	-	(402,213)
Assets written-off																	
Cost / Revalued amount	-	-	(12,592)	-	(6,868)	-	(35,085)		(24,634)	-	(3)	-	-	(803)	-	-	(79,985)
Accumulated depreciation	-	-	11,332	-	6,181	-	15,913		17,225	-	2	-	-	701	-	-	51,354
	-	-	(1,260)	-	(687)	-	(19,172)	-	(7,409)	-	(1)	-	-	(102)	-	-	(28,631)
Depreciation charge (note 4.1.7)	(201,640)	-	(79,284)	(105,364)	(6,362,933)	(2,193,787)	(3,091,037)	(486,454)	(2,001,529)	(232,901)	(111,685)	(6,291)	(140,974)	(116,887)	(221,093)	-	(15,351,859)
Closing net book value	12,567,088	566,711	2,440,702	3,193,157	97,692,042	18,549,573	33,489,123	7,882,326	38,540,216	545,086	542,996	58,838	488,679	567,765	3,199,259	-	220,323,561
As at June 30, 2018																	
Cost / Revalued amount	14,731,769	566,711	3,114,823	4,841,951	138,322,992	45,344,269	56,168,032	17,042,387	63,337,616	2,854,367	1,524,089	228,351	1,384,041	1,546,791	4,136,989	67,713	355,212,891
Accumulated depreciation	(2,164,681)	-	(674,121)	(1,648,794)	(40,630,950)	(26,794,696)	(22,678,909)	(9,160,061)	(24,797,400)	(2,309,281)	(981,093)	(169,513)	(895,362)	(979,026)	(937,730)	(67,713)	(134,889,330)
Net book value	12,567,088	566,711	2,440,702	3,193,157	97,692,042	18,549,573	33,489,123	7,882,326	38,540,216	545,086	542,996	58,838	488,679	567,765	3,199,259	-	220,323,561
Year ended June 30, 2019																	
Opening net book value	12,567,088	566,711	2,440,702	3,193,157	97,692,042	18,549,573	33,489,123	7,882,326	38,540,216	545,086	542,996	58,838	488,679	567,765	3,199,259	-	220,323,561
Additions (note 4.4)	11,667	7,367	674,885	1,255,868	6,800,393	-	10,176,217	2,819,964	9,345,670	2,437,228	102,277	-	382,577	367,302	322,462	-	34,703,877
Revaluation surplus (note 4.1.3)	-	-	-	-	19,568,932	2,012,676	4,227,343	-	-	-	-	-	-	-	-	-	25,808,951
Disposals (note 4.2)																	
Cost / Revalued amount	-	-	-	-	(334,549)	-	(353,650)	(105,602)	(1,468,820)	-	(11,364)	(33,223)	(74,109)	(15,065)	-	-	(2,396,382)
Accumulated depreciation	-	-	-	-	134,754	-	191,079	67,092	1,302,223	-	8,714	14,407	70,469	13,501	-	-	1,802,239
	-	-	-	-	(199,795)	-	(162,571)	(38,510)	(166,597)	-	(2,650)	(18,816)	(3,640)	(1,564)	-	-	(594,143)
Interhead reclassification																	
Cost / Revalued amount	-	-	-	-	701,507	-	2,154,085	-	(2,123,931)	-	-	-	-	-	(731,661)	-	-
Accumulated depreciation	-	-	-	-	(144,082)	-	(895,172)	-	885,965	-	-	-	-	-	153,289	-	-
	-	-	-	-	557,425	-	1,258,913	-	(1,237,966)	-	-	-	-	-	(578,372)	-	-
Depreciation charge (note 4.1.7)	(212,662)	-	(107,737)	(113,400)	(7,176,533)	(2,164,243)	(2,192,465)	(488,135)	(2,488,069)	(306,702)	(104,528)	(6,202)	(167,234)	(114,663)	(274,526)	-	(15,917,099)
Closing net book value	12,366,093	574,078	3,007,850	4,335,625	117,242,464	18,398,006	46,796,560	10,175,645	43,993,254	2,675,612	538,095	33,820	700,382	818,840	2,668,823	-	264,325,147
As at June 30, 2019																	
Cost / Revalued amount	14,743,436	574,078	3,789,708	6,097,819	165,059,275	47,356,945	72,372,027	19,756,749	69,090,535	5,291,595	1,615,002	195,128	1,692,509	1,899,028	3,727,790	67,713	413,329,337
Accumulated depreciation	(2,377,343)	-	(781,858)	(1,762,194)	(47,816,811)	(28,958,939)	(25,575,467)	(9,581,104)	(25,097,281)	(2,615,983)	(1,076,907)	(161,308)	(992,127)	(1,080,188)	(1,058,967)	(67,713)	(149,004,190)
Net book value	12,366,093	574,078	3,007,850	4,335,625	117,242,464	18,398,006	46,796,560	10,175,645	43,993,254	2,675,612	538,095	33,820	700,382	818,840	2,668,823	-	264,325,147
Annual rate of depreciation (%)	1.01 to 3.03		2	2 to 20	2.85 to 33.33	2.85 to 33.33	3 to 10	3 to 3.33	3 to 10	20	10 to 15	20	14.33-33.33	10 to 15	3.33 to 20	14.33	

4.1.1 Leasehold land

This represents leasehold land sites owned by the Company which are freely transferable.

4.1.2 Other land

Land classified as 'other' comprises sites in possession of the Company, which are not freely transferable. These include:

	Note	2019	2018
		(Rupees in '000)	
Amenity			
- Leasehold		534,831	527,464
- Freehold (mainly grid)		671	671
		535,502	528,135
Leasehold land – owned	4.1.2.1	38,576	38,576
		574,078	566,711

4.1.2.1 This represents leasehold land in respect of which lease renewals are in process.

4.1.3 Details of the latest revaluation exercises carried out by the external valuers based on which revaluation surplus has been recorded in these financial statements are as follows:

	Name of external valuer	Revaluation date	Written down value before revaluation	Revalued amount as at revaluation date
			(Rupees in '000)	
Plant and machinery	Iqbal Nanjee and Company (Private) Limited	June 30, 2019	113,581,409	135,163,017
Transmission grid equipment	Iqbal Nanjee and Company (Private) Limited	June 30, 2019	39,809,303	44,036,646
Leasehold land	Colliers International Pakistan (Private) Limited	June 30, 2018	11,992,129	12,567,088

These valuations fall under level 2 and 3 hierarchies which have been explained in note 4.1.4.

4.1.3.1 The forced sale value of plant and machinery and transmission and grid equipment as at the date of respective revaluations amount to Rs. 108,130 million and Rs. 35,229 million, respectively.

4.1.3.2 Had there been no revaluation, the values of specific classes of leasehold land, plant and machinery and transmission grid equipment as at June 30, 2019 under the cost model would have been as follows:

	Cost		Written down value	
	2019	2018	2019	2018
	(Rupees in '000)			
Leasehold land	831,027	819,360	758,777	760,896
Plant and machinery	124,839,371	118,296,778	74,354,341	72,566,994
Transmission grid equipment	40,964,883	28,960,826	26,900,657	16,207,336
	166,635,281	148,076,964	102,013,775	89,535,226

4.1.4 Non financial asset fair valuation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The valuation techniques and inputs used to develop fair value measurements are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market date (unobservable inputs).

Valuation techniques and significant unobservable inputs

Valuation techniques used in measuring the fair value of leasehold land, plant and machinery and transmission grid equipment and the significant unobservable inputs used in the valuation are as follows:

Leasehold land

The fair value of leasehold land was determined by obtaining market values of the properties and considering its size, nature and location, as well as the trend in the real estate and property sector. All relevant factors affecting the saleability of the asset, availability of the buyers and the assessment of its real value under prevailing economic conditions were accounted for. The value of the land was assessed based on information available in current real estate market and has been categorized as level 2.

The estimated fair value of land would increase / decrease in line with the selling prices for property of same nature in the immediate neighbourhood and adjoining areas.

Transmission grid equipment

For the valuation of transmission grid equipment, the valuers referred to current cost from various manufacturers and also considered cost as incurred by the Company and the trend of prices of major raw material i.e. copper and steel.

The estimated fair value of transmission grid equipment would increase / decrease in line with the current selling prices of these equipment and has been categorized as level 3.

Plant and machinery

The valuer approached vendors for current prices. In view of the technological developments, where costs were not up to date, indexation according to European Power Capital Cost Index (EPCCI) was considered.

The actual fair value of plant and machinery would increase / decrease if indexation according to EPCCI increases / (decreases) and has been categorized as level 3.

The effect of changes in the unobservable inputs used in the above valuations cannot be determined with certainty. Accordingly, a quantitative disclosure of sensitivity has not been presented in these financial statements.

4.1.5 The cost of fully depreciated assets as at June 30, 2019 is Rs. 38,126 million (2018: Rs. 33,781 million).

4.1.6 Due to nature of the Company's operations, certain assets included in transmission and distribution network are not in possession of the Company. In view of large number of consumers, the management considers it impracticable to disclose particulars of assets not in the possession or control of the Company as required under the Fourth Schedule to the Companies Act, 2017.

4.1.7 Depreciation charge for the year has been allocated as follows:

	Note	2019	2018
		(Rupees in '000)	
Expenses incurred in generation, transmission and distribution	35	13,079,039	13,031,026
Consumers services and administrative expenses	36	2,838,060	2,320,833
		15,917,099	15,351,859

4.2 The details of operating fixed assets disposed off during the year are as follows:

	Original cost / Revalued amount	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer
	(Rupees in '000)						
Plant and machinery							
Compressor natural gas	28,975	26,077	2,898	16,157	13,259	Tender	M/s Bismillah Metal Impex (Pvt) Ltd.
Compressor, natural, motor & related instruments	68,923	61,669	7,254	8,300	1,046	Tender	M/s Bismillah Metal Impex (Pvt) Ltd.
Radiator motor, cooling devices	2,174	1,023	1,151	207	(944)	Tender	M/s RKF Traders
Transmission grid equipments and lines							
Battery and cell	7,550	5,361	2,189	95	(2,094)	Tender	Tauheed Industries (Pvt) Ltd.
Battery banks	4,389	3,007	1,382	563	(819)	Tender	Muhammad Hanif
Battery banks	5,278	3,669	1,609	139	(1,470)	Tender	M/s Gul Metals (Pvt) Ltd.
Battery banks	5,994	2,037	3,957	101	(3,856)	Tender	Muhammad Ashfaq
Battery charger	1,650	358	1,292	162	(1,130)	Tender	Ibrahim Khan
Battery charger	3,203	967	2,236	16	(2,220)	Tender	Shahzad & Sons
Battery charger, charger panel rectifier	3,688	968	2,720	174	(2,546)	Tender	Gada Hussain
Cable under ground oil filled	49,959	24,495	25,464	40,422	14,958	Tender	M/s Atta Metals (Pvt) Ltd.
Cable XLPE under ground	4,070	2,157	1,913	6,651	4,738	Tender	M/s Atta Metals (Pvt) Ltd.
Copper conductor	12,286	9,405	2,881	183,936	181,055	Tender	M/s Noshad Metal Works (Pvt) Ltd.
CTs 132kv, insulators, bushings	32,923	24,850	8,073	1,837	(6,236)	Tender	Gada Hussain
CTs, PTs, Wave trap, trolley, wall bushing, isolator etc.	34,037	22,737	11,300	962	(10,338)	Tender	Anwar Ali Traders
CTs, breakers, isolators, arrestors etc.	40,433	27,218	13,215	1,650	(11,565)	Tender	M/s Bismillah Metal Impex (Pvt) Ltd.
Disc & tension insulators	16,171	11,758	4,413	1,578	(2,835)	Tender	M/s RKF Traders
ETI racks, telecommunication cabinet	2,048	1,369	679	55	(624)	Tender	Oriental Trading
Line trap	4,495	2,983	1,512	153	(1,359)	Tender	Malik & brothers
Oil filled cable 1600mm²	14,989	13,273	1,716	12,167	10,451	Tender	M/s Noshad Metal Works (Pvt) Ltd.
Switch panels	3,780	2,587	1,193	347	(846)	Tender	M/s Gul Metals (Pvt) Ltd.
Switch panels, trollies etc.	157,826	59,954	97,872	2,463	(95,409)	Tender	S.G.M Metals Resources (Pvt) Ltd.
Trenches covers	910	176	734	673	(61)	Tender	M/s Malik & Brothers
Vcb trollies, vcb swtich panels and housings	40,541	28,830	11,711	2,136	(9,575)	Tender	M/s Brothers Metal Works (Pvt) Ltd.
Wave trap	3,870	2,761	1,109	46	(1,063)	Tender	Anwar Ali Traders
	-	-		-			
Distribution network							
Aluminium cable	10,383	9,344	1,039	11,413	10,374	Tender	M/s Chohan & Brothers
Aluminium cable	33,600	29,928	3,672	43,065	39,393	Tender	M/s Universal Metal (Pvt) Ltd.
Aluminium conductor	10,048	9,043	1,005	14,697	13,692	Tender	M/s Sun Metal Industries.
Aluminium conductor	10,194	9,174	1,020	15,578	14,558	Tender	M/s K.G.M Alloys
Aluminium conductor	6,842	6,158	684	11,087	10,403	Tender	M/s Bismillah Metal Impex (Pvt) Ltd.
Cable aluminium	10,366	9,044	1,322	12,536	11,214	Tender	M/s Bismillah Metal Impex (Pvt) Ltd.
Circuit Breakers	10,391	8,796	1,595	1,037	(558)	Tender	M/s Bismillah Metal Impex (Pvt) Ltd.
Circuit Breakers	9,384	8,442	942	724	(218)	Tender	M/s Gada Hussain
Circuit Breakers	6,927	6,235	692	1,221	529	Tender	M/s Noshad Metal Works (Pvt) Ltd.
Conductor aluminium	7,974	7,176	798	10,995	10,197	Tender	M/s Bismillah Metal Impex (Pvt) Ltd.
Copper cable	39,945	33,275	6,670	74,662	67,992	Tender	M/s Atta Metals (Pvt) Ltd.
Copper cable	25,310	22,779	2,531	56,228	53,697	Tender	M/s Universal Metal (Pvt) Ltd.
Copper cable	55,390	49,851	5,539	119,087	113,548	Tender	M/s Noshad Metal Works (Pvt) Ltd.
Copper conductor	271,120	244,030	27,090	700,227	673,137	Tender	M/s Noshad Metal Works (Pvt) Ltd.
Energy & static meters	160,516	144,464	16,052	33,080	17,028	Tender	M/s Bismillah Metal Impex (Pvt) Ltd.
Energy meters	188,688	169,819	18,869	39,722	20,853	Tender	M/s Noshad Metal Works (Pvt) Ltd.
Energy meters	205,247	184,705	20,542	35,823	15,281	Tender	M/s Sun Metal Industries.
Energy meters	88,952	80,057	8,895	18,660	9,765	Tender	M/s Bismillah Metal Impex (Pvt) Ltd.
Energy static meters	217,304	195,574	21,730	33,798	12,068	Tender	M/s Sun Metal Industries.
Switch gear and CTs	17,249	11,270	5,979	1,674	(4,305)	Tender	M/s Gul Metals (Pvt) Ltd.
Transformers-PMTs	12,949	9,872	3,077	1,683	(1,394)	Tender	RKF Traders.
Transformers-PMTs	20,053	13,280	6,773	8,939	2,166	Tender	M/s Noshad Metal Works (Pvt) Ltd.
Transformers-PMTs	12,250	7,625	4,625	1,138	(3,487)	Tender	M/s Metpak Industries (Pvt) Ltd.
Trollies various rating, isolators	5,683	4,242	1,441	467	(974)	Tender	M/s Brothers Metal Works (Pvt) Ltd.
VCB trollies	4,662	4,021	641	376	(265)	Tender	M/s Bismillah Metal Impex(Pvt) Ltd.
Tools and General equipment							
Fire Extinguisher	9,783	8,803	980	44	(936)	Tender	M/s Rehmani Metal Traders
Furniture, Air conditioners and office equipment							
Windows, splits (mix)	3,625	2,708	917	930	13	Tender	M/s RKF Traders
Iron chairs, tables, racks, drawers	2,437	1,589	848	139	(709)	Tender	Himmat Khan
Computer and related equipment							
Note books - Buy back-50 nos.	3,919	3,053	866	750	(116)	buy back policy	Various employees
PCs, laptops, printers and monitors	33,195	32,393	802	361	(441)	Tender	M/s Saleem & Co.
Desktop, laptop, printers, monitors and LCDs	11,940	11,105	835	152	(683)	Tender	M/s Bismillah Metal Impex (Pvt) Ltd.
Vehicles							
Toyota Jeep Land Cruiser Model Zx 2016	24,298	6,925	17,373	19,196	1,823	Buy back as a part of final settlement	Tayyab Tareen (related party)
Suzuki Cultus	606	73	533	643	110	Buy back policy	Syed Mazhar Ali Shah

	Original cost / Revalued amount	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer
	(Rupees in '000)						
Items having written down value below Rs. 500,000							
Plant and machinery	1,083	707	376	10,128	9,752	Tender	Various
Transmission grid equipment and lines	9,162	7,251	1,911	18,419	16,508	Tender	Various
Distribution network	27,393	24,019	3,374	16,683	13,309	Tender	Various
Tools and general equipment	5,282	4,698	584	1,154	570	Tender	Various
Furniture, air conditioners and office equipments	5,302	4,417	885	968	83	Tender	Various
Computer and related equipment	25,055	23,918	1,137	700	(437)	Tender	Various
Vehicles	8,319	7,409	910	7,269	6,359	Tender	Various
	81,596	72,419	9,177	55,321	46,144		
	2,162,988	1,756,961	406,027	1,606,443	1,200,416		
Exchange of Assets							
Rotor parts-Gas turbine - 1	233,394	45,278	188,116	125,000	(63,116)	Negotiated / Exchanged	GE Global parts & products
June 30, 2019	2,396,382	1,802,239	594,143	1,731,443	1,137,300		
June 30, 2018	1,586,050	1,183,837	402,213	937,230	535,017		

4.3 Details of immovable fixed assets of the Company are as follows:

Particulars	Location	Total Area of Land (Square Yards)
Power Plants		
Bin Qasim Power Station I & II	Bin Qasim, Karachi	1,079,979
CCPP Korangi	Korangi, Karachi	545,516
Site Gas Turbine Power Station	S.I.T.E., Karachi	27,491
Korangi Town Gas Turbine	Korangi, Karachi	19,360
Open plots		
Open plot in Deh Kharkhero for Grid	Malir, Karachi	250,107
Open plot at Green Belt P.E.C.H.S. for Grid	P.E.C.H.S., Karachi	10,275
Open plot for Complain center in Uthal survey 755	District Lasbella	2,000
Open plot in Gulistan-e-Joher (FL-15-16)	Gulistan-e-Joher, Karachi	9,680
Shireen Jinnah Colony Yard	Clifton, Karachi	1,233
Open plot for KE Officers Club	Phase VIII, DHA, Karachi	6,000
Open plot in Taiser Town Sector-45 for substation	Taiser Town, Karachi	1,540
Open plot in Baldia Town Scheme-29 for substation	Baldia, Karachi	750
Open plot in Hawksbay Scheme-42 for substation	Hawksbay Scheme-42, Karachi	680
Open plot in Lyari Qtrs Old Kalri for substation	Lyari, Karachi	280
Open plot in SITE (Pump House)	S.I.T.E., Karachi	725
Offices		
KE Head Office	Gizri, DHA, Karachi	19,405
Elander Road	Elander Road, Karachi	22,091
AL-Mava	P.E.C.H.S., Karachi	2,000
Other Offices	Various areas in Karachi	9,810
Residential colonies		
Gulshan-e-Hadeed	Bin Qasim, Karachi	121,000
Korangi	Korangi, Karachi	1,200
Grid Stations / IBCs / substations / stores	Various areas in Karachi	1,223,649

4.4 Capital Work-In-Progress

The movement in capital work-in-progress during the year is as follows:

	Plant and machinery	Transmission grid equiments / lines	Distribution network / renewals of mains and services	Others	2019	2018
	(Rupees in '000)					
Balance at beginning of the year	4,693,662	34,438,275	12,567,882	5,379,766	57,079,585	30,344,588
Additions during the year (note 4.4.1)	6,870,845	17,343,764	15,609,694	158,520	39,982,823	44,614,122
	11,564,507	51,782,039	28,177,576	5,538,286	97,062,408	74,958,710
Transfers to operating fixed assets and intangible assets (notes 4.1 and 5.1)	(7,507,752)	(15,252,460)	(10,374,741)	(1,703,049)	(34,838,002)	(17,879,125)
Balance at end of the year	4,056,755	36,529,579	17,802,835	3,835,237	62,224,406	57,079,585

4.4.1 These include borrowing cost capitalised during the year amounting to Rs. 4,409 million (2018: Rs. 1,179 million).

	Note	2019	2018
		(Rupees in '000)	
5. INTANGIBLE ASSETS			
Computer software			
Cost	5.1	1,402,403	1,268,278
Amortization to date	5.2	(1,127,793)	(976,521)
		274,610	291,757
5.1 Cost			
Opening balance		1,268,278	1,077,285
Additions during the year	4.4	134,125	190,993
		1,402,403	1,268,278
5.2 Amortization to date			
Opening balance		(976,521)	(861,879)
Amortization during the year	35 & 36	(151,272)	(114,642)
		(1,127,793)	(976,521)
Useful life		3 years	3 years

5.3 Computer software include ERP system - SAP, antivirus and other softwares.

6. LONG-TERM LOANS

	Note	Secured House building loans (note 6.1)	Unsecured Festival loans (note 6.1)	2019	2018
		(Rupees in '000)			
Considered good					
Executives		-	36	36	36
Employees		429	21,177	21,606	24,527
		429	21,213	21,642	24,563
Recoverable within one year shown under current assets	10	(429)	(2,008)	(2,437)	(2,562)
		-	19,205	19,205	22,001

6.1 House building loans, carrying mark-up @ 6% (2018: 6%) per annum, are recoverable over a period of sixteen years. These are secured against equitable mortgage of related properties.

Festival loans are non-interest bearing loans. The Board of Directors in its meeting held on February 1, 2003 approved the deferment of the recovery of these loans in instalments and decided that the said loans would be recovered against the final settlement of the employees at the time of their retirement. The amount disclosed as recoverable within one year is receivable from employees expected to retire within one year.

6.2 Long-term loans have not been discounted to their present values as the financial impact thereof is not considered to be material.

6.3 The maximum aggregate amount of loans due from the executives and employees at the end of any month during the year was Rs. 24 million (2018: Rs. 26 million).

	Note	2019	2018
		(Rupees in '000)	
7. LONG-TERM DEPOSITS			
Considered good			
Rental premises and others		13,734	15,806
Considered doubtful			
Rental premises		1,020	1,020
Provision for impairment		(1,020)	(1,020)
		-	-
		13,734	15,806
8. STORES, SPARES AND LOOSE TOOLS			
Stores, spares and loose tools		12,741,109	12,141,222
Provision against slow moving and obsolete stores, spare parts and loose tools	8.1	(663,348)	(656,794)
		12,077,761	11,484,428
8.1 Provision against slow moving and obsolete stores, spares and loose tools			
Opening balance		656,794	620,503
Provision recognised during the year - net	35 & 36	6,554	36,291
		663,348	656,794
9. TRADE DEBTS			
Considered good			
Secured – against deposits from consumers	9.1	2,922,893	2,406,007
Unsecured	9.2	97,005,164	112,965,255
	9.5	99,928,057	115,371,262
Considered doubtful		96,978,188	65,920,632
		196,906,245	181,291,894
Provision for impairment against debts considered doubtful	9.3	(96,978,188)	(65,920,632)
		99,928,057	115,371,262

9.1 The Company maintains deposits from consumers, taken as a security for energy dues (note 21).

9.2 These balances do not include any Late Payment Surcharge (LPS) on receivables from public sector consumers, as fully explained in note 30.1.1, on the contention that due to the circular debt situation, the LPS should only be received by the Company from its public sector consumers, if any surcharge is levied on the Company on account of delayed payments of its public sector liabilities.

As at June 30, 2019, receivable from government and autonomous bodies amounting to Rs. 45,719 million (2018: Rs. 50,045 million) includes unrecognized LPS of Rs. 7,252 million (2018: Rs. 6,515 million); which includes receivable from Karachi Water and Sewerage Board (KW&SB) amounting to Rs. 30,321 million including LPS of Rs. 3,833 million (2018: Rs. 31,155 million including LPS of Rs. 3,424 million) and City District Government Karachi (CDGK) amounting to Rs. 10,184 million including LPS of Rs. 1,496 million (2018: Rs. 13,161 million including LPS of Rs. 1,350 million).

Upto June 30, 2019, adjustment orders amounting to Rs. 12,434 million (2018: Rs.12,434 million) have been received from the Government of Sindh (GoS) whereby the Company's liability on account of electricity duty has been adjusted against the KW&SB dues.

9.3 Provision for impairment

	Note	2019	2018
		(Rupees in '000)	
Opening balance under IAS 39		65,920,632	58,197,616
Effect of change in accounting policy (note 2.2)		25,736,403	-
		91,657,035	58,197,616
Provision made during the year	31.1, 36 & 9.3.2	18,256,508	16,300,201
		109,913,543	74,497,817
Write-off against provision during the year	9.3.1	(12,935,355)	(8,577,185)
		96,978,188	65,920,632

9.3.1 This includes write-off of Rs. 4,050 million (2018: Rs. 3,371 million) to be claimed as tariff adjustment in accordance with the criteria prescribed by NEPRA as explained in note 32.2.

9.3.2 Provision for impairment made during the year includes an amount of Rs. 12,873 million in relation to financial assets other than those which are due from the Government of Pakistan, determined in accordance with IFRS 9, which has been disclosed as a separate line item in the statement of profit or loss (2018: Rs 13,843 million calculated in accordance with IAS 39).

9.4 Energy sales to and purchases from Karachi Nuclear Power Plant (KANUPP) are recorded at net amounts to facilitate recovery of energy dues by offsetting receivables against liabilities for purchase of energy.

9.5 The age analysis of trade debts, that are not impaired, is as follows:

	Note	2019	2018
		(Rupees in '000)	
Neither past due nor impaired			
Upto 30 days		39,712,222	31,785,375
Past due but not impaired			
30 days upto 6 months		7,412,049	15,867,942
6 months upto 1 year		8,178,650	17,636,833
1 - 2 years		13,197,247	25,112,275
2 - 3 years		11,338,555	15,540,839
3 - 4 years		8,259,290	5,022,783
Over 4 years		11,830,044	4,405,215
		99,928,057	115,371,262

10. LOANS AND ADVANCES

	Note	2019	2018
Loans – secured			
Considered good			
Current portion of long term loans	6	2,437	2,562
Advances – unsecured			
Considered good			
Employees	10.1	74,110	57,309
Suppliers		794,642	829,253
		868,752	886,562
Considered doubtful			
Suppliers		130,340	130,340
		999,092	1,016,902
Provision for impairment against advances considered doubtful		(130,340)	(130,340)
		868,752	886,562
		871,189	889,124

10.1 These are advances to employees for business related expenses.

11. DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2019	2018
		(Rupees in '000)	
Deposits	11.1 & 11.2	3,314,492	2,414,868
Prepayments			
Rent		17,057	36,480
Insurance and others		67,434	58,838
		84,491	95,318
		3,398,983	2,510,186

11.1 These include Rs. 622 million (2018: Rs. 29 million), representing margins / guarantee deposits held by commercial banks against guarantees, letter of credits and other payments.

11.2 These also include Rs. 2,485 million (2018: Rs. 2,319 million) representing deposits under lien against settlement of letter of credits, loans and sukuk repayments with commercial banks. These carry mark- up ranging from 6% to 11.5 % per annum (2018: 5.5% to 6% per annum).

	Note	2019	2018
		(Rupees in ‘000)	

12. OTHER RECEIVABLES

	Note	2019	2018
Considered good			
Sales tax - net		12,361,857	7,333,382
Due from the Government of Pakistan (GoP) - net:			
- Tariff adjustment	12.1, 12.2 & 12.3	132,129,947	49,328,513
- Interest receivable from GoP on demand finance liabilities		237,173	237,173
		132,367,120	49,565,686
Others		77,133	86,713
		144,806,110	56,985,781
Considered doubtful			
Sales tax		-	851,320
Provision for impairment		-	(851,320)
		-	-
Due from a consortium of suppliers of power plant		-	363,080
Provision for impairment		-	(363,080)
		-	-
		144,806,110	56,985,781

12.1 This includes Rs. 6,037 million (2018: Rs. 6,037 million) on account of unrecovered cost of prior years. In previous years, the tariff adjustment mechanism was to pass on the effect of variation in cost of fuel and power purchase on quarterly basis. This formula capped adjustment on account of quarterly fuel price and cost of power purchase variation to 4% and the remaining burden or relief was to be carried forward to the next quarterly adjustment. However, the adverse fuel price movements since 2005 resulted in additional costs which were not being recovered due to 4% cap and increasing burden was being placed upon the Company with respect to such unrecovered amount.

The Economic Co-ordination Committee (ECC), on a summary moved by the Ministry of Energy (Power Division), in case No. ECC-164/16/2008 dated October 14, 2008 decided that the said unrecovered cost due to 4% cap has been incurred by the Company and NEPRA may take the amount into account in the subsequent quarterly tariff adjustment. However, NEPRA is of the view that the tariff mechanism does not allow for adjustment of such unrecovered cost.

The Power Division through letter dated June 1, 2012 to the Finance Division (GoP), communicated that the unrecovered costs of the Company were pending due to non availability of adjustment mechanism with NEPRA, although it has already been acknowledged by ECC and that the GoP owes this amount to the Company. Accordingly, this unrecovered cost of Rs. 6,037 million is to be settled as per the options available with the GoP.

In view of the above, the Company's management considers that the unrecovered costs of Rs. 6,037 million will be recovered. Accordingly, the entire amount is being carried as tariff adjustment subsidy receivable from the GoP. The Company continues to pursue an early settlement of this long outstanding receivable from GoP and is confident that the same will be recovered in due course of time.

12.2 This also include subsidy receivable of Rs. 677 million (2018: Rs. 677 million) in respect of subsidised electricity supplied to certain areas of Balochistan for the period December 2012 to June 2014, in accordance with the notification issued by the Finance Division dated November 28, 2012. However, in June 2014, the Ministry of Energy (Power Division) denied the aforementioned subsidy claim contending that the subsidised electricity claim is not applicable for the Company and that it was only for Quetta Electric Supply Company Limited that supplied electricity in similar areas. The Company is in continuous engagement with the Ministry of Energy (Power Division) for resolution of this matter, however, the subsidised portion will be recovered by the Company from the relevant consumers in the event the subsidy claim is not honored and recovered from the Government.

12.3 This also includes gas load management plan differential amounting to Rs. 2,618 million (2018: Rs. 2,618 million), outstanding tariff differential claims pertaining to the period January 2014 to December 2014 amounting to Rs. 12,672 million (2018: Rs. 12,672 million), and outstanding industrial support package adjustment amounting to Rs. 34,529 million (2018: Rs. 21,984 million) which has been referred to the Ministry of Energy (Power Division), by the Ministry of Finance (MoF) for appropriate action including approval from ECC. The Company is of the view that all these claims have arisen due to decision / directions of the GoP and have been duly verified by the Ministry of Energy (Power Division) GoP. Hence, these are valid and legitimate receivables of the Company from GoP. Further, this includes tariff variations pending determination by NEPRA, accrued in accordance with the MYT decision.

	Note	2019	2018
		(Rupees in '000)	
13. DERIVATIVE FINANCIAL ASSET			
Cross currency swap	13.1	4,464,424	669,985

13.1 The Company has entered into multiple cross currency swap arrangements with commercial banks in connection with foreign currencies borrowings as disclosed in notes 20.1 and 20.2. Pursuant to the agreements, the Company's foreign currency borrowings up to USD 83.157 million (2018: USD 51.74 million) and EUR 39.76 million (2018: EUR 41.49 million) were converted into hedged Pakistan Rupee amount and the interest rate accruing thereon is payable to the hedging bank at 3 months KIBOR + spread ranging from negative 166 to positive 40 basis points.

13.2 The above hedge of exposures arising due to variability in cash flows owing to interest / currency risks have been designated as cash flow hedges.

	Note	2019	2018
		(Rupees in '000)	
14. CASH AND BANK BALANCES			
Cash in hand		23,270	26,232
Cash with:			
Conventional banks:			
- Current accounts		531,460	119,708
- Deposit accounts	14.1	525,263	286,684
- Collection accounts		1,528,353	678,698
		2,585,076	1,085,090
Islamic banks:			
- Current accounts		23,978	4,804
- Deposit accounts		1,964	1,486
- Collection accounts		30,553	15,062
		56,495	21,352
		2,664,841	1,132,674

14.1 These carry mark-up at rates ranging from 7.5% to 9.5% (2018: 4% to 4.5%) per annum.

	Note	2019	2018
		(Rupees in '000)	
15. ASSETS CLASSIFIED AS HELD FOR SALE			
Leasehold land	15.1	3,047,856	3,047,856

15.1 In year 2016, the Company purchased land for development of 700 MW (2 x 350 MW) coal-based power plant (the Project). The Project will be developed by a separate company i.e. "Datang Pakistan Karachi Power Generation (Private) Limited (DPKPG)" (note 30.3.2). The land acquired for the Project will be transferred to DPKPG subsequent to the financial close of the Project. The period of one year has lapsed from the date of classification of this land as 'Held for Sale'. However, this land continues to be classified as 'Held for Sale' as the Company remains committed to its plan to transfer this land to DPKPG.

16. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019	2018		Note	2019	2018
				(Rupees in '000)	
		Authorized share capital			
32,857,142,857	32,857,142,857	Ordinary shares of Rs. 3.5 each		115,000,000	115,000,000
2,857,142,857	2,857,142,857	Redeemable preference shares of Rs. 3.5 each		10,000,000	10,000,000
35,714,285,714	35,714,285,714			125,000,000	125,000,000
		Issued, subscribed and paid-up capital			
		Issued for cash			
14,493,490,368	14,493,490,368	Ordinary shares of Rs. 3.5 each fully paid	16.2 & 16.3	50,727,215	50,727,215
		Issued for consideration other than cash			
12,988,827,989	12,988,827,989	Ordinary shares of Rs. 3.5 each fully paid	16.4 to 16.8	45,460,898	45,460,898
		Issued as bonus shares			
132,875,889	132,875,889	Ordinary shares of Rs. 3.5 each fully paid as bonus shares		465,066	465,066
13,121,703,878	13,121,703,878			45,925,964	45,925,964
-	-	Transaction costs on issuance of shares		(391,628)	(391,628)
27,615,194,246	27,615,194,246		16.1	96,261,551	96,261,551

16.1 KES Power Limited (Holding Company) held 18,335,542,678 ordinary shares as at June 30, 2019 (2018: 18,335,542,678) i.e. 66.40% of the Company's issued, subscribed and paid up capital.

16.2 During the year ended June 30, 2013, the shareholders of the Company, by way of a special resolution passed in the Extra Ordinary General Meeting (EOGM) of the Company, held on October 8, 2012, resolved the issuance of additional share capital to International Finance Corporation and Asian Development Bank. As a result of the said resolution, the Company issued 698,071,428 ordinary shares and 696,785,714 ordinary shares, having a face value of Rs. 3.5 each, to International Finance Corporation and Asian Development Bank, respectively. The issuance of shares was made pursuant to terms of the amended subscription agreement dated May 5, 2010 whereby the aforementioned lenders exercised their right to convert their debt of USD 25 million each into ordinary shares of the Company.

16.3 During the year ended June 30, 2013, the Company converted its redeemable preference shares into ordinary shares of the Company. The conversion of redeemable preference shares to ordinary shares was executed in accordance with Article 4 of the subscription agreement dated November 14, 2005. As per the terms of conversion, each redeemable preference shareholder of the Company became the holder of three ordinary shares for every four redeemable preference shares held. Consequently, the Company converted 1,714,285,713 redeemable preference shares having face value of Rs. 3.5 each which amounts to Rs. 6,000 million into 1,285,714,284 ordinary shares having face value of Rs. 3.5 each which amounts to Rs. 4,500 million resulting in a share premium of Rs. 1,500 million.

16.4 During the year ended June 30, 1999, the Company issued 304,512,300 ordinary shares of Rs. 10 each as a result of the conversion of overdue outstanding balance of (a) rescheduled foreign currency loan of Rs. 1,968 million; and (b) cash development loan of Rs. 1,077 million, aggregating Rs. 3,045 million at that date, into equity.

16.5 During the year ended June 30, 2002, the shareholders of the Company, by way of a special resolution, passed in the Annual General Meeting (AGM) of the Company, finalised the conversion of the Company's debt servicing liabilities, aggregating Rs. 17,835 million, into equity. As a result, the Company issued 1,783,456,000 ordinary shares of Rs. 10 each at par. The subscription agreement in this regard was entered into on January 24, 2002.

16.6 As per the decision taken in the ECC meeting, held on April 16, 2002, which was also approved by the President of Pakistan, the Ministry of Finance (MoF) conveyed through its letter dated April 27, 2002, that all the loans of GoP and GoP guaranteed loans outstanding against the Company be converted into equity. Accordingly, loans aggregating to Rs. 65,341 million were converted into equity of GoP in the Company.

16.7 The shareholders of the Company, by way of a special resolution passed in the AGM of the Company held on December 2, 2004, resolved the conversion of (a) GoP funds amounting to Rs. 6,081 million; and (b) GoP long term loan amounting to Rs. 9,203 million, aggregating to Rs.15,284 million into equity. As a result of the said resolution, the Company issued 4,366,782,389 ordinary shares of Rs. 3.5 each at par. The subscription agreement in this regard was entered into on December 20, 2004.

16.8 The shareholders of the Company during the year ended June 30, 2002, by way of a special resolution passed in the EOGM held on May 27, 2002, resolved the reduction of share capital of the Company, subsequent to the completion of the conversion of GoP and GoP guaranteed loans of Rs. 65,341 million into equity (note 16.6). The paid-up capital, which was lost or not represented by assets of the Company, to the extent of Rs. 6.50 per share on each of the issued ordinary shares of the Company at that time, was reduced and a new nominal value thereof was fixed at Rs. 3.50 per share. The High Court of Sindh, vide its order, dated October 12, 2002, ordered the reduction in the nominal value of share capital of the Company by Rs. 6.50 per share. The Board of Directors of the Company in its meeting held on October 26, 2002 also approved the reduction in nominal value of share capital, amounting to Rs. 57,202 million.

The GoP, vide its Finance Division letter dated January 31, 2003, conveyed the sanction of the President of Pakistan to write-off the GoP equity in the Company. Accordingly, the reduction in share capital of Rs. 57,202 million was adjusted against the accumulated losses of the Company.

16.9 Profits earned by the Company since 2009 have all been reinvested into the Company's business taking into account the capital expenditure requirements, the Company's financial position and level of accumulated losses and requirements of the lenders. Consequently, the level of adjusted invested equity in the business at the end of June 30, 2019 (hereinafter defined as "Adjusted Invested Equity") comprises of issued share capital, reserves (excluding surplus on revaluation of fixed assets), adjusted profits since 2009 which were retained in the business (excluding impact of deferred tax asset and incremental depreciation relating to surplus on revaluation of fixed assets) and excluding impact of accumulated losses till the year ended June 30, 2011.

The reconciliation of 'Adjusted Invested Equity' to the shareholders equity is as follows:

	Note	2019	2018
		(Rupees in '000)	
Shareholder's equity in the statement of financial position		214,489,462	207,293,038
Surplus on revaluation of property, plant and equipment - net		(65,880,437)	(54,087,395)
		148,609,025	153,205,643
Accumulated losses up to June 30, 2011		79,864,661	79,864,661
Deferred tax (net) recognised on surplus of revaluation of property, plant and equipment		(26,908,911)	(18,675,205)
Adjusted Invested Equity (excluding impact of accumulated losses up to June 30, 2011 and surplus on property, plant and equipment)		201,564,775	214,395,099
The Adjusted Invested Equity is summarized below:			
Issued, subscribed and paid up capital	16	96,261,551	96,261,551
Capital reserves	17	2,009,172	2,009,172
Revenue reserves		5,372,356	5,372,356
Profits available for distribution reinvested in the Company (Total comprehensive income for the year excluding the impact of deferred tax asset and incremental depreciation):			
- FY 2012		4,972,374	4,972,374
- FY 2013		8,144,896	8,144,896
- FY 2014		11,914,617	11,914,617
- FY 2015		21,961,285	21,961,285
- FY 2016		29,760,359	29,760,359
- FY 2017		15,776,864	15,776,864
- FY 2018		18,221,625	18,221,625
- FY 2019		12,906,079	-
		123,658,099	110,752,020
		227,301,178	214,395,099
- Impact of change of accounting policy (note 2.2)		(25,736,403)	-
Adjusted Invested Equity (excluding impact of accumulated losses up to June 30, 2011 and surplus on property, plant and equipment)		201,564,775	214,395,099

17. CAPITAL RESERVES

	Note	2019	2018
Share premium		1,500,000	1,500,000
Others	16.3	509,172	509,172
		2,009,172	2,009,172

	Note	2019	2018
		(Rupees in '000)	

17.1 Others

	Note	2019	2018
Unclaimed fractional bonus shares money	17.1.1	46	46
Workmen compensation reserve	17.1.2	700	700
Third party liability reserve	17.1.3	300	300
Fire and machinery breakdown insurance reserve	17.1.4	508,126	508,126
		509,172	509,172

17.1.1 Unclaimed fractional bonus shares money

This represents proceeds received by the Company from the sale of fractional bonus coupons for the period up to the year 1975, remaining unclaimed up to June 30, 1986.

17.1.2 Workmen compensation reserve

The reserve for workmen compensation was created and maintained at Rs. 0.7 million to meet any liability that may arise in respect of compensation to workmen who, whilst on duty, meet with an accident causing partial or total disability.

17.1.3 Third party liability reserve

This reserve was created to meet the third party liabilities, arising due to accidents by electrocution, both fatal and non-fatal, claims for which may not be accepted by the National Insurance Company, where the negligence or fault on the part of the Company is determined by the court.

17.1.4 Fire and machinery breakdown insurance reserve

The Company was operating a self insurance scheme in respect of its certain operating fixed assets and spares to cover such hazards which were potentially less likely to occur. However, the Company discontinued its policy for providing the amount under self-insurance scheme with effect from the year ended June 30, 1998. Operating fixed assets, which are self insured against this reserve and on which claim lodged with respect to damages to such assets is not fully acknowledged by the insurer, the shortfall is to be charged against this reserve.

18. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents revaluation surplus relating to leasehold land, plant and machinery and transmission grid equipment (notes 4.1.3 and 4.1.4).

	Note	2019	2018
		(Rupees in '000)	
Balance as the beginning of the year		72,762,600	68,007,504
Transferred to unappropriated profit in respect of incremental depreciation charged / disposals during the year, net of deferred tax		(4,105,364)	(4,393,795)
Related deferred tax liability		(1,676,839)	(1,883,055)
Revaluation surplus arising during the year	4.1	25,808,951	11,031,946
		20,026,748	4,755,096
		92,789,348	72,762,600
Less: Related deferred tax liability on:			
- Revaluation at the beginning of the year		(18,675,205)	(20,402,310)
- Revaluation surplus arising during the year		(7,484,596)	(3,309,584)
- Effect of change of tax rate		(2,425,949)	3,153,634
- Incremental depreciation charged / disposals during the year		1,676,839	1,883,055
		(26,908,911)	(18,675,205)
		65,880,437	54,087,395

18.1 The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

19. LONG-TERM DIMINISHING MUSHARAKA

	Note	2019	2018
		(Rupees in '000)	
Diminishing musharaka - secured	19.1	13,087,165	17,405,681
Less: Current maturity shown under current liabilities		(4,400,000)	(4,400,000)
		8,687,165	13,005,681

19.1 During the year ended June 30, 2015, the Company issued 4.4 million KE AZM Sukuk certificates, having face value of Rs. 5,000 each aggregating to Rs. 22,000 million and entered into a diminishing musharaka agreement with the investment agent, Pak Brunei Investment Company (trustee on behalf of the Sukuk holders) as a co-owner of the Musharaka assets. The issue resulted in cash receipts of subscription money of Rs. 22,000 million. The Company, however, paid transaction cost from the said receipts amounting to Rs. 491 million resulting in proceeds net of transaction cost of Rs. 21,509 million. The Sukuk certificates carry profit at the rate of 3 months KIBOR + 1% and with quarterly rental payments. These certificates are issued for a tenure of seven years and are structured in such a way that first quarterly principal repayment installment commenced from the quarter ended September 2017. These certificates are issued to generate funds under Islamic mode of financing and are structured as long term diminishing musharaka. Under this arrangement the Company sold the beneficial ownership of the musharaka assets, mainly plant and machinery, to the investment agent (for the benefit of Sukuk holders) although legal title remains with the Company. The overall arrangement has been accounted for on the basis of substance of the transactions in these financial statements.

20. LONG-TERM FINANCING

	Note	2019	2018
		(Rupees in '000)	
From banking companies and financial institutions - secured			
Conventional:			
Syndicated loan		-	1,105,714
Hermes financing facility	20.1 & 20.4	7,433,975	5,873,045
Sinosure financing facility	20.2 & 20.4	13,679,416	6,939,095
Syndicate Term Finance Facility	20.3 & 20.4	12,861,704	-
		33,975,095	13,917,854
With Islamic banks:			
Syndicated loan		-	137,143
Syndicate Term Finance Facility	20.3 & 20.4	10,500,000	-
		44,475,095	14,054,997
Current maturity shown under current liabilities		(3,247,942)	(2,158,010)
		41,227,153	11,896,987
Others - Secured			
Due to oil and gas companies		610	610
Current maturity shown under current liabilities		(610)	(610)
		-	-
Unsecured			
GoP loan for the electrification of Hub area	20.5	26,000	26,000
Current maturity shown under current liabilities		(26,000)	(26,000)
		-	-
		41,227,153	11,896,987

20.1 This represents Pakistan Rupee equivalent drawdowns of EUR 39.76 million (2018: EUR 41.49 million) disbursed under Hermes supported facility agreement entered into on December 22, 2015 amounting to EUR 46.5 million, with Standard Chartered Bank, London Branch. In October 2017, through 2nd amendment to the facility agreement, amount under the facility has been enhanced to EUR 51.5 million. The loan is being utilsed to fund the Transmission Project (TP 1000-04). The loan carries mark-up at 3 month EURIBOR + 1.65% per annum. The loan is to be settled in 28 quarterly installments with first installment due on March 16, 2019 and is repayable by December 16, 2025. The Company has executed cross currency swaps with commercial banks to hedge the Company's foreign currency payment obligation under the facility together with EURIBOR interest accruing thereon.

20.2 This represents Pakistan Rupee equivalent drawdowns of USD 83.158 million (2018: USD 57.06 million) disbursed under Sinosure supported facility agreement entered into on December 22, 2015 amounting to USD 91.5 million, with a syndicate of foreign commercial lenders. The loan is being utilized to fund the Transmission Project (TP 1000-03). The loan carries mark-up at 3 month USD LIBOR + 3.5% per annum. The loan is to be settled in 28 quarterly installments with the first installment due on March 16, 2019 and is repayable by December 16, 2025. The Company has executed cross currency swaps with commercial banks to hedge the Company's foreign currency payment obligation under the facility together with USD LIBOR interest accruing thereon.

20.3 This represents drawdowns against Syndicate Term Finance Facility of Rs. 23.5 billion entered into on November 6, 2018 with a syndicate of local commercial banks. The loan is being utilized to fund the TP-1000 project and ongoing distribution projects. The loan carries mark-up at 3 months KIBOR + 1% per annum. The facility will be settled in 20 quarterly installment with first installment due on March 16, 2021 and ending on December 16, 2025.

20.4 The above facilities, stated in notes 20.1 to 20.3 are secured against:

- assets and properties (excluding stores, spares and fuel) existing and located on each of the Bin Qasim Site (other than units 3 and 4 of BQPS-1), the Korangi site, the Korangi Gas Plant Site and S.I.T.E Plant site;

- stores and spares of the Company, not exceeding fifteen percent (15%) of the aggregate value, wheresoever located;

- hypothecation charge over specific consumers' receivables; and

- lien on specific accounts and deposits by way of first pari passu charge for the benefit of facility parties.

20.5 During the year ended June 30, 2004, the Finance Division of GoP vide its letter dated April 20, 2004, released a sum of Rs. 26 million as cash development loan for village electrification in Hub and Vinder Areas, District Lasbella. This loan is repayable in 20 years with a grace period of five years, which ended on June 30, 2009, along with mark-up chargeable at the prevailing rate for the respective years.The Company is in the process of settlement of this loan.

	Note	2019	2018
		(Rupees in '000)	
21. LONG-TERM DEPOSITS			
Long term deposits	21.1	10,808,331	9,718,749

21.1 These represent deposits from customers, taken as a security for energy dues. Such deposits are repayable at the time when electricity connection of consumer is permanently disconnected after adjustment thereof against any amount receivable from the consumer at the time of disconnection. These deposits have been utilised in business of the Company in accordance with the requirements of written agreements and in terms of section 217 of the Companies Act 2017.

	Note	2019	2018
		(Rupees in '000)	

22. EMPLOYEE RETIREMENT BENEFITS

	Note	2019	2018
Gratuity	22.1.1	3,425,842	2,995,101
Post retirement medical benefits	22.1.1	558,753	501,037
Post retirement electricity benefits	22.1.1	390,728	339,078
Accumulating leave payable	22.1.14	719,351	605,961
		5,094,674	4,441,177

22.1 Actuarial valuation of retirement benefits

The latest actuarial valuation was carried out as at June 30, 2019, using the "Projected Unit Credit Method", details of which are presented in notes 22.1.1 to 22.1.14.

	Gratuity		Medical benefits		Electricity benefits	
	2019	2018	2019	2018	2019	2018
			(Rupees in '000)			
22.1.1 Net recognised liability						
Net liability at the beginning of the year	2,995,101	3,600,032	501,037	468,554	339,078	294,641
Expense recognised in profit or loss	776,374	639,634	81,071	61,466	91,745	63,392
Contributions / Benefits paid during the year	(577,912)	(1,460,376)	(82,738)	(68,966)	(85,328)	(60,491)
Remeasurement recognised in other comprehensive income	232,279	215,811	59,383	39,983	45,233	41,536
Net liability at the end of the year	3,425,842	2,995,101	558,753	501,037	390,728	339,078
22.1.2 Expense recognised in profit or loss						
Current service cost	505,362	415,787	17,076	15,958	11,209	9,691
Past service, termination and settlement cost	30,213	-	25,129	13,452	60,285	38,990
Net interest	240,799	223,847	38,866	32,056	20,251	14,711
Chargeable in profit or loss	776,374	639,634	81,071	61,466	91,745	63,392
22.1.3 Remeasurement losses / (gains) recognised in other comprehensive income						
Remeasurement due to change in demographic assumptions:						
- experience adjustment	145,221	162,101	59,383	39,983	45,233	41,536
- return on investment	87,058	53,710	-	-	-	-
Chargeable in other comprehensive income	232,279	215,811	59,383	39,983	45,233	41,536
22.1.4 Reconciliation of liability / (asset) as at reporting date						
Present value of defined benefit obligation	5,674,189	5,194,757	558,753	501,037	390,728	339,078
Fair value of plan assets	(2,248,347)	(2,199,656)	-	-	-	-
Net liability at end of the year	3,425,842	2,995,101	558,753	501,037	390,728	339,078

	Gratuity		Medical benefits		Electricity benefits	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					

22.1.5 Movement in present value of defined benefit obligations

	Gratuity 2019	Gratuity 2018	Medical 2019	Medical 2018	Electricity 2019	Electricity 2018
Balance at the beginning of the year	5,194,757	4,778,997	501,037	468,554	339,078	294,641
Current service cost	505,362	415,787	17,076	15,958	11,209	9,691
Past service cost	30,213	-	25,129	13,452	60,285	38,990
Interest cost	431,932	352,683	38,866	32,056	20,251	14,711
Remeasurements: Actuarial loss	145,221	162,101	59,383	39,983	45,233	41,536
Benefits paid	(633,296)	(514,811)	(82,738)	(68,966)	(85,328)	(60,491)
Balance at the end of the year	5,674,189	5,194,757	558,753	501,037	390,728	339,078

22.1.6 Movement in fair value of plan assets

	2019	2018
Balance at the beginning of the year	2,199,656	1,178,965
Interest income	191,133	128,836
Remeasurements: Actuarial loss	(87,058)	(53,710)
Contributions made	577,912	1,460,376
Benefits paid	(633,296)	(514,811)
Balance at the end of the year	2,248,347	2,199,656

22.1.7 Plan assets comprise of:

	2019	2018
Bank deposits	803,196	976,731
Corporate bonds	294,100	76,815
Mutual funds	317,355	401,247
Government bonds	1,170,036	1,123,065
Benefits due	(336,340)	(378,202)
	2,248,347	2,199,656

22.1.8 Principal actuarial assumptions used in the actuarial valuation:

Financial assumptions	2019	2018
Discount rate	13.50%	8.80%
Salary increase	11.30%	6.70%
Electricity tariff increase	8.20%	3.70%
Medical cost trend	8.20%	3.70%
Demographic assumptions		
Expected mortality rate	70% of the EFU (61-66)	70% of EFU (61-66) Table
Expected withdrawal rate	Moderate	Moderate

22.1.9 The plans expose the Company to the following risks:

Salary risk

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Mortality / withdrawal risk

The risk that the actual mortality / withdrawal experience is different. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating an investment policy and guidelines based on which investments are made after obtaining approval from trustees of the gratuity fund.

22.1.10 Sensitivity analysis for actuarial assumptions

The impact of one percent movement in the assumptions used in determining retirement benefit obligations would have had the following effects on the June 30, 2019 actuarial valuation:

	June 30, 2019	
	1% increase	1% decrease
	(Rupees in '000)	
Discount rate	(415,236)	475,965
Salary increase	417,466	(369,434)
Electricity tariff increase	22,031	(19,728)
Medical cost trend	43,867	(38,864)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method i.e. present value of defined benefit obligation calculated using Projected Unit Credit Method has been applied.

22.1.11 Maturity profile

Projected payments during the following years is as follows:

	Gratuity	Medical benefits	Electricity benefits
		(Rupees in '000)	
Benefit payments:			
FY 2020	441,605	49,233	27,193
FY 2021	736,202	49,929	33,076
FY 2022	853,176	50,252	36,247
FY 2023	1,048,859	54,877	41,288
FY 2024-29	6,250,623	436,229	295,277

22.1.12 Plan duration

	Gratuity	Medical benefits	Electricity benefits
		Years	
June 30, 2018	7.70	8.50	8.00
June 30, 2019	7.90	8.70	7.80

22.1.13 Based on actuarial advice, the Company intends to charge approximately Rs. 960 million, Rs. 92 million and Rs. 64 million in respect of gratuity, medical benefits and electricity benefits schemes, respectively, during the year ending June 30, 2020.

22.1.14 Accumulating leaves

These represent liabilities in respect of accumulating earned leaves i.e. outstanding leave encashment payments of eligible employees.

23. DEFERRED REVENUE

	Note	2019	2018
		(Rupees in '000)	
Balance at beginning of the year		21,387,917	20,193,359
Recoveries from customers during the year	23.1	3,653,196	2,880,574
		25,041,113	23,073,933
Amortisation for the year	38	(1,831,470)	(1,686,016)
		23,209,643	21,387,917

23.1 This represents non-interest bearing recoveries from the consumers towards the cost of service connection, extension of mains and street lights.

24 DEFERRED TAXATION

24.1 The deferred tax balance as at June 30, 2019 comprise of the following:

	Balance as at July 1, 2017	Recognised in profit or loss	Recognised in OCI	Balance as at June 30, 2018	Impact of change in accounting policy (note 2.2)	Recognised in profit or loss (note 18)	Recognised in OCI (note 18)	Balance as at June 30, 2019
				(Rupees in '000)				
Deferred tax liability on:								
Accelerated tax depreciation	(26,992,368)	(216,919)	-	(27,209,287)	-	(2,740,469)	-	(29,949,756)
Surplus on revaluation of property, plant and equipment	(20,402,310)	1,883,055	(155,950)	(18,675,205)	-	1,676,839	(9,910,545)	(26,908,911)
	(47,394,678)	1,666,136	(155,950)	(45,884,492)	-	(1,063,630)	(9,910,545)	(56,858,667)
Deferred tax asset on:								
Available tax losses	27,866,995	(2,787,342)	-	25,079,653	(7,463,557)	10,699,454	-	28,315,550
Provision for gratuity and compensated absences	1,464,585	(249,399)	86,226	1,301,412	-	84,550	97,699	1,483,661
Others	18,063,098	1,440,329	-	19,503,427	7,463,557	92,472	-	27,059,456
	47,394,678	(1,596,412)	86,226	45,884,492	-	10,876,476	97,699	56,858,667
	-	69,724	(69,724)	-	-	9,812,846	(9,812,846)	-

24.2 As at June 30, 2019, the Company has aggregated deferred tax debits amounting to Rs. 114,670 million (2018: Rs. 98,277 million) out of which deferred tax asset amounting to Rs. 56,859 million (2018: Rs. 45,884 million) has been recognised and remaining balance of Rs. 57,811 million (2018: Rs. 52,393 million) remains unrecognised. As at year end, the Company's carried forward tax losses amounted to Rs. 296,993 million (2018: Rs. 267,145 million), out of which business losses amounting to Rs.107,553 million (2018: Rs. 98,006 million) have expiry period ranging between 2020 and 2025.

25. TRADE AND OTHER PAYABLES

	Note	2019 (Rupees in '000)	2018 (Rupees in '000)
Trade creditors			
Power purchases		106,967,665	64,457,613
Fuel and gas		24,406,858	22,006,403
Others		9,505,332	6,908,780
	25.1	140,879,855	93,372,796
Accrued expenses	25.2	5,383,551	5,019,082
Advances / Credit balances of consumers			
Energy	25.3	2,687,124	2,348,181
Others	25.4	3,773,057	3,246,982
		6,460,181	5,595,163
Other liabilities			
Employee related dues		198,763	189,222
Payable to provident fund		81,538	65,606
Electricity duty	25.5	5,390,423	3,002,123
Tax deducted at source	25.5	35,237	213,751
PTV license fee	25.5	110,489	217,025
Workers' profits participation fund	25.6	4,373,985	4,413,460
Workers' welfare fund	25.7	944,391	944,391
Payable to the Managing Agent - PEA (Private) Limited		28,871	28,871
Others including clawback	30.1.2	26,907,364	27,396,967
		38,071,061	36,471,416
		190,794,648	140,458,457

25.1 This includes payable to following related parties:

	2019 (Rupees in '000)	2018 (Rupees in '000)
Pakistan State Oil Company Limited	4,001,939	2,455,568
Sui Southern Gas Company Limited	19,802,127	18,832,393
BYCO Petroleum Pakistan Limited	602,792	718,442
Central Power Purchasing Agency (Guarantee) Limited (CPPA) / NTDC	98,012,453	57,640,823
	122,419,311	79,647,226

25.2 These include an aggregate amount of Rs. 1,350 million (2018: Rs. 1,322 million) representing outstanding claims / dues of property taxes, water charges, ground rent and occupancy value payable to various government authorities.

25.3 These represent amount due to the consumers on account of excess payments and revision of previous bills.

25.4 These represent general deposits received from consumers in respect of meters, mains & lines alteration and scrap sales, etc.

25.5 Electricity duty, tax deducted at source and PTV license fee are collected by the Company from the consumers on behalf of the concerned authorities.

25.6 Sindh Companies Profit (Workers Participation) Act, 2015 (SWPPF Act) was enacted on April 22, 2016 and is applicable retrospectively with effect from July 1, 2011. Sindh Revenue Board (SRB) issued show cause notices to the Company for the years 2012 and 2013 for payment of leftover amounts out of the annual allocation to the fund constituted under Sindh Workers Welfare Fund Act, 2014. The Company has challenged SWPPF Act before the High Court of Sindh and the matter is currently under litigation. However, based on prudence provision amounting to Rs. 3,141 million (2018: Rs. 3,141 million) in respect of years 2012 to 2015 is being maintained by the Company. Movement of provision during the year is as follows:

	Note	2019	2018
		(Rupees in '000)	
Balance at Beginning of the year		4,413,460	3,691,394
Provision during the year	37	467,525	722,066
Payment made to the fund	25.6.1	(507,000)	-
Balance at end of the year		4,373,985	4,413,460

25.6.1 This represents payments made to the fund in respect of WPPF for the year ended June 30, 2016.

25.7 The Supreme Court of Pakistan (SCP) vide its judgement in civil appeal 1049 / 2011 etc. dated November 10, 2016, has held that the contributions made to Workers Welfare Fund (Federal WWF) are not in the nature of a tax and hence the amendments introduced through the Finance Act, 2006 and the Finance Act, 2008 are ultra vires to the Constitution of Pakistan. The Federal Board of Revenue has filed a Civil Review Petition in respect of above judgement of the SCP which is pending for decision.

Further, Sindh Workers Welfare Fund Act, 2014 (SWWF) was enacted on June 4, 2015, which requires every industrial undertaking in the Province of Sindh to pay 2% of its total income as SWWF. The Company has received show cause notices for the years 2015 and 2016 from Sindh Revenue Board (SRB) for the payment of SWWF. The Company has challenged the applicability of SWWF before the High Court of Sindh and has obtained stay orders. However, based on the advice of legal expert and prudence, provision amounting to Rs. 944 million in respect of years 2015 and 2016 i.e. years for which show cause notices have been received, is being maintained by the Company.

26. ACCRUED MARK-UP

	Note	2019	2018
		(Rupees in '000)	
Mark-up on long-term financing		303,262	134,174
Mark-up on borrowings relating to Financial Improvement Plans		15,357	15,357
Mark-up on short-term borrowings		904,200	320,362
Interest on consumer deposits	30.1.6	1,036,070	630,915
Financial charges on delayed payment to suppliers	30.1.1	5,268,823	5,268,823
		7,527,712	6,369,631

27. SHORT-TERM BORROWINGS

	Note	2019	2018
		(Rupees in '000)	
Secured:			
From banking companies:			
Bills payable	27.1 & 27.2	8,445,548	5,282,752
Short-term running finances			
- Conventional	27.1 & 27.3	27,151,847	26,904,667
- Shariah compliant	27.1 & 27.3	1,000,000	1,000,000
Murabaha finance facilities	27.1 & 27.4	4,672,593	5,526,000
Structured invoice financing	27.1 & 27.5	998,525	1,116,756
Bridge term finance facility	27.1 & 27.6	19,827,238	-
		62,095,751	39,830,175
From others:			
KES Power Limited - Holding Company - unsecured	27.7	17,379	9,300
Islamic Commercial Paper	27.1 & 27.8	9,808,591	-
KE Azm Sukuk Certificates	27.9	-	1,477,885
		71,921,721	41,317,360

27.1 The total facility limit of various financing facilities available from banks aggregate to Rs. 87,644 million (2018: Rs. 45,210 million) out of which Rs. 15,821 million (2018: Rs. 5,380 million) remained unutilised as of reporting date.

27.2 These are payable to various commercial banks at a maturity ranging from 30 to 90 days from the date of discounting in respect of payments made to fuel and oil suppliers of the Company and Independent Power Producers (IPPs) and are secured against charge on specific fixed assets and joint pari passu hypothecation charge / ranking charge over current assets of the Company.

27.3 The Company has arranged various facilities for short-term working capital requirements from commercial banks, on mark-up basis. These are for a period of one year and carry mark-up of relevant tenure KIBOR + NiL to 2% per annum. These finances are secured against joint pari passu charge over current assets and charge over specific fixed assets. In addition, demand promissory notes in respect of the above mentioned facilities have also been furnished by the Company.

27.4 These include murabaha financing facility under Islamic mode of financing to meet the Company's working capital requirements amounting to USD 30.6 million (2018: USD 50 million). The facility is so structured that the Company's cost is effectively relevant tenure KIBOR minus 0.12% to KIBOR plus 0.25% per annum and is secured against joint pari passu hypothecation charge over current assets.

27.5 This represents structured working capital finance facility obtained from commercial bank for financing of vendors' suppliers payments and carries mark-up rate at the rate of relevant tenure KIBOR + 0.1% per annum, with maximum repayment dates of 90 days from each invoice financed. These are secured against joint pari passu hypothecation charge over current assets.

27.6 This represents Rs. 20 billion bridge finance facility entered into on March 14, 2019 with a local commercial bank to meet short term funding requirements. The facility carries markup at 1 month KIBOR + 1.15% per annum, payable monthly in arrears. The facility is repayable within 12 months. The facility is secured against charge over specific fixed assets and its settlement is planned through proceeds from issuance of Sukuk.

27.7 This includes excess funds received from KES Power Limited (Holding Company) while subscribing its share of right issue, and USD 0.25 million paid by KES Power Limited to a supplier as deposit on behalf of the Company. The Company settles the aggregate dues by adjusting the expenses incurred by the Company on behalf of KES Power Limited.

27.8 This represents 6 month privately placed and unsecured Islamic Commercial Paper (ICP) of Rs. 10 billion utilised for funding the Company's working capital requirements. The first issue of ICP amounting to Rs. 7 billion was made in August 2018 which matured in March 2019. The second issue of Rs. 10 billion was made on March 1, 2019 and has matured subsequent to year end on September 2, 2019. The ICP carried profit at 6-months KIBOR plus 0.9% per annum.

27.9 These represented 300,000 listed Sukuk certificates having face value of Rs. 5,000, net off transaction cost. The Sukuk certificates matured in March 2019. The profit payments on these certificates were based on 3 months KIBOR + 2.75% per annum. These Sukuk certificates were secured by way of exclusive hypothecation charge on specific fixed assets.

28. SHORT-TERM DEPOSITS

	Note	2019	2018
		(Rupees in '000)	
Service connection deposits	28.1	9,300,060	5,552,387
Suppliers' security deposits		57,135	65,556
Earnest / Retention money	28.2	8,050,532	5,559,144
		17,407,727	11,177,087

28.1 These include non-interest bearing amounts deposited by the consumers in respect of service connections, extension of mains and street lights. The same are refundable if related work is not completed by the Company. Upon completion of work, these deposits are transferred to deferred revenue (note 23).

28.2 These include non-interest bearing refundable / adjustable deposits received from various contractors / suppliers.

29. PROVISION

	2019	2018
	(Rupees in '000)	
Balance at beginning of the year	46,450	46,450
Payments made in respect of out of court settlements	(25,050)	-
Balance at end of the year	21,400	46,450

29.1 This represents provision in respect of settlement of ongoing fatal accident related cases.

30. CONTINGENCIES AND COMMITMENTS

30.1 Contingencies

30.1.1 Mark-up on overdue balances with National Transmission and Dispatch Company (NTDC) / Central Power Purchasing Agency (Guarantee) Limited (CPPA), major government owned power supplier, has not been accrued in these financial statements. With effect from June 2015, CPPA has assumed the central power purchase division of NTDC along with the related assets, rights and liabilities of NTDC, including alleged receivables from the Company. The Company is of the view that in accordance with the mechanism defined in the Power Purchase Agreement (PPA) dated January 26, 2010 with NTDC, NTDC's dues are to be settled by the Ministry of Finance (MOF) through payment of the Company's tariff differential claims directly to NTDC. Up to June 30, 2019, the MOF has released the Company's tariff differential claims aggregating Rs. 392,942 million directly to NTDC / CPPA. Additionally, the Company has directly paid Rs. 43,475 million up to June 30, 2019 to NTDC / CPPA on account of its outstanding dues on an agreed mechanism. The PPA with NTDC has expired on January 25, 2015. However, the supply of electricity of 650 Megawatts (MW) continues in line with the High Court of Sindh's order dated February 6, 2014. Accordingly, to date NTDC / CPPA continues to raise invoices in line with the terms of PPA. Discussions with NTDC / CPPA are underway for the renewal of PPA.

On June 22, 2018, NTDC / CPPA filed a suit in the Civil Court of Islamabad for recovery of Rs. 83,990 million up to May 2018, comprising of principal amounting to Rs. 66,347 million and mark-up thereon amounting to Rs. 17,643 million, the decision of which is pending to date. Within the alleged claims filed by NTDC / CPPA in the aforementioned suit, release of tariff differential claims amounting to Rs. 15,021 million was unilaterally adjusted by NTDC / CPPA against the disputed mark-up claim. This was subsequently corrected by NTDC / CPPA and adjusted against the principal balance (resulting in decrease in principal amount with corresponding increase in mark-up), as confirmed from invoices and correspondence received afterwards. NTDC / CPPA's markup claim upto June 30, 2019 amounts to Rs. 42,875 million which is on the premise that while the outstanding amounts were to be adjusted against tariff differential claims, the Company is eventually responsible for payments of all outstanding amounts, including mark-up. However, the Company has not acknowledged the disputed mark-up claimed by NTDC / CPPA as debt, as the Company is of the view that the disputed mark-up claims would not have arisen in case tariff differential claims payments, including payments related to claims of unrecovered cost due to 4% capping and gas load management plan were released to NTDC / CPPA by the MOF on behalf of the Company on timely basis.

In addition to above, the mark-up claimed by Sui Southern Gas Company Limited (SSGC) through its monthly invoices from July 2010 to June 2019 aggregates to Rs. 76,281 million, which has not been accrued by the Company. In view of the Company, the unilateral reduction of gas by SSGC in year 2009-10, in violation of the Economic Coordination Committee (ECC) allocation and Head of Term Agreement dated July 31, 2009, led to increased consumption of furnace oil, which coupled with non-payment by government entities, as more fully explained below, significantly affected the Company's liquidity and hence the mark-up claim is not tenable.

In the year 2013, SSGC filed a Suit against the Company, in the High Court of Sindh for recovery of unpaid gas consumption charges and interest thereon and the damages amounting to Rs. 45,705 million and Rs. 10,000 million, respectively. The Company also filed a suit, against SSGC in the High Court of Sindh for recovery of damages / losses of Rs. 59,600 million resulting from SSGC's failure to comply with its legal obligation to supply the allocated and committed quantity of 276 MMCFD of natural gas to the Company. The cases were fixed for hearing on October 7, 2019 and adjourned to date in office. The earlier stay granted to SSGC against the Company is vacated on October 07, 2019, against which SSGC has filed an appeal in the High Court of Sindh.

Further, the Company entered into a payment plan with SSGC in the year 2014 and subsequently renewed the plan in years 2015 and 2016, which provided for a mechanism for payment of principal arrears by the Company on supply of adequate gas by SSGC. The dispute of mark-up claim has also been mentioned in the payment plan. The Company's management is of the view that the principal payments made by the Company to SSGC have been unilaterally adjusted by SSGC against SSGC's disputed mark-up claim, which is in violation of the payment plan which clearly mentions that the payments are to be adjusted against outstanding principal balances and hence any adjustment against the mark-up by SSGC in the Company's view is not tenable.

The Company's management believes that overdue amounts have only arisen due to circular debt situation caused by delayed settlement of tariff differential claims by the MOF as well as delayed settlement of the Company's energy dues by certain public sector consumers (e.g KW&SB), the dues of which have been guaranteed by the GoP under the Implementation Agreement dated November 14, 2005 and amended through the Amended Agreement dated April 13, 2009 ("IA") and Government of Sindh departments and entities (GoS Entities). Given that NTDC / CPPA and SSGC are majorly owned and controlled by the GoP and considering that tariff differential claims and energy dues of KW&SB (guaranteed by the GoP under the Implementation Agreement) are the Company's receivables from the GoP and energy dues of GoS Entities are also receivable from GoS, the Company's management is of the view that the settlement of these outstanding balances will be made on a net basis. Further, this contention of the Company's management is also supported by the legal advices that it has obtained. Hence, mark-up / financial charges will be payable by the Company only when it will reciprocally receive mark-up on outstanding balances receivable from the Company's outstanding tariff differential claims and energy dues of public sector consumers. Without prejudice to the aforementioned position of the Company and solely on the basis of abundant caution, a provision amounting to Rs. 5,269 million is being maintained by the Company in these financial statements on account of mark-up on delayed payment.

30.1.2 The Multi Year Tariff (MYT) applicable to the Company, for the previous tariff control period from 2009 to 2016, outlines a claw-back mechanism whereby the Company is required to share a portion of its profits with consumers when such profits exceed the stipulated thresholds. NEPRA vide its determination orders dated October 17, 2014, June 10, 2015, July 24, 2018 and November 1, 2018 has determined claw-back amount of Rs. 43,601 million for the financial years 2012 to 2016.

The Company is not in agreement with the interpretation and calculation of claw back mechanism performed by NEPRA, and accordingly has filed suits in the High Court of Sindh, praying that while finalising the claw-back determination in respect of the financial years 2012 to 2016, NEPRA has mis-applied the claw-back formula as prescribed in the MYT determination dated December 23, 2009. Amongst others, NEPRA has unlawfully included 'accumulated losses' as part of reserve, has not taken into account 'surplus on revaluation of property, plant and equipment' and has calculated the claw-back on notional Earnings Before Interest and Tax (EBIT) instead of EBIT based on audited financial statements. On June 19, 2015, in respect of suit for financial years 2012 and 2013, the High Court of Sindh (Single Bench) passed an order suspending the earlier relief granted to the Company against implementation of NEPRA's order dated October 17, 2014, which was duly contested by the Company through an appeal before the High Court of Sindh (Divisional Bench), the adjudication of which is pending to date. The decision dated June 19, 2015 has been suspended and interim relief against implementation of NEPRA's order dated October 17, 2014 continues. Further, in other suits filed in respect of financial years 2014 to 2016, the interim relief provided to the Company against NEPRA's order for each year continues in the field.

Considering the above proceedings and the expert opinion obtained by the Company, the Company's management considers that the Company has a good case and expects favorable outcome of the suits pending before the High Court of Sindh. Without prejudice to the Company's aforementioned legal position and on the basis of abundant caution, a provision amounting to Rs. 25,232 million is being maintained by the Company in these financial statements, in this respect.

30.1.3 On January 22, 2015, NEPRA issued an order directing the Company to discontinue charging of meter rent to the consumers and refund the total amount collected to the consumers and also imposed a fine of Rs. 10 million, on the Company.

The Company filed a review application to NEPRA against the aforementioned order and challenged the order on various grounds including that the direction issued by NEPRA is ultra vires and also that NEPRA has ignored certain provisions of its own rules and regulations which allows the Company to charge meter rent from its consumers. The review application filed by the Company with NEPRA was dismissed in April 2015. Thereafter, the Company filed a constitutional petition before the High Court of Sindh, which is pending to date. Meanwhile, a stay has been granted to the Company against any coercive action by NEPRA. The Company's management in accordance with the advice of its legal advisor expects a favorable outcome of the above-mentioned constitutional petition. However, on the basis of prudence and as an abundant caution, the Company carries a provision of Rs. 326 million in these financial statements on account of meter rent charged from January 22, 2015 up to June 30, 2016. Further, NEPRA has excluded meter rent from "Other Income" component of tariff in the MYT decision effective from July 1, 2016; accordingly there is no dispute between the Company and NEPRA on the matter of meter rent with effect from July 1, 2016.

30.1.4 NEPRA through its order dated March 13, 2015 directed the Company not to collect bank charges as a separate revenue from its consumers through monthly billings, as these bank charges were already included in the MYT 2009–16 as part of operations and maintenance cost. NEPRA further directed the Company to refund the amount collected as bank charges to its consumers. The Company refuted NEPRA's aforementioned order and filed a review petition which was rejected by NEPRA through its review decision dated October 27, 2015. Thereafter, the Company filed a suit on November 10, 2015, before the High Court of Sindh which is pending to date. Meanwhile, through an interim order dated November 17, 2015 by the High Court of Sindh, NEPRA has been restrained from taking any coercive action against the Company in this regard.

The Company, is of the view that such charges were being collected from the customers as per the directives of the State Bank of Pakistan and as per NEPRA's approval dated July 21, 2010 issued in this regard and these were never made part of MYT 2009–16. Therefore, in accordance with the advices obtained from its legal advisors, the Company is confident of a favorable outcome on this matter, and accordingly, no provision has been recognised in this respect. Further, NEPRA has separately included bank charges in the operations and maintenance' component of tariff in the MYT Decision effective from July 1, 2016; accordingly there is no dispute between the Company and NEPRA on the matter of bank charges with effect from July 1, 2016.

30.1.5 The Supreme Court of Pakistan, in its judgment dated August 22, 2014, in a civil appeal, declared that the levy of Gas Infrastructure Development Cess (GIDC) under Gas Infrastructure Development Cess Act, 2011 was unconstitutional and all amounts collected by the gas companies were due to be refunded back to the consumers. The Federal Government on September 24, 2014, promulgated Gas Infrastructure Development Cess (GIDC) Ordinance, 2014. Under that Ordinance, the Federal Government again levied GIDC chargeable on gas consumers (both power sector and industrial sector) other than domestic consumers and also fixed the responsibility of charging and collection of GIDC on gas companies. This GIDC Ordinance, retrospectively, validated the cess collected / levied or paid under the previous Gas Infrastructure Development Cess Act, 2011 which had been held illegal by the Supreme Court of Pakistan.

In October 2014, SSGC in its monthly bills issued to the Company, claimed GIDC amounting to Rs. 1,925 million, excluding sales tax, for the period from July to September 2014. The Company filed a fresh legal suit before the High Court of Sindh. The High Court of Sindh through its order dated October 21, 2014, granted stay and restrained the Federal Government and SSGC from raising any demand which continues till date. The GIDC Ordinance lapsed on January 24, 2015, and therefore all amounts previously paid by the Company to SSGC amounting to Rs. 4,672 million in respect of GIDC became immediately due and recoverable from SSGC.

On May 23, 2015, the GOP after approval from the parliament, promulgated GIDC Act 2015 again levying cess on gas consumers and made the gas companies responsible to collect the cess. The Company again filed a suit in the High Court of Sindh challenging the GIDC Act 2015 and through its counsel maintains that certain grounds were not taken into consideration while promulgating GIDC Act 2015. The High Court of Sindh while granting stay issued notices to the respondents and restrained SSGC from raising any demand under the GIDC Act 2015.

Single bench of the High Court of Sindh through its judgment (by consolidating all similar cases) dated October 26, 2016 held the GIDC Act 2011, GIDC Ordinance 2014 and GIDC Act 2015 to be ultra vires and un-constitutional and held that the amounts collected in pursuance of the above laws is liable to be refunded / adjusted in the future bills. Subsequently, GOP filed an appeal before the divisional bench of the High Court of Sindh challenging the above judgment (in respect of few other parties), whereby the decision of the single bench was suspended by the divisional bench of the High Court of Sindh on November 10, 2016.

Subsequent to the year ended June 30, 2019, High Court of Peshawar ruled that the 2015 GIDC Act was constitutional. Aggrieved parties filed an appeal thereaginst before the Supreme Court of Pakistan to challenge the said decision. The Company was impleaded as a party in the said appeal on the basis of its Intervenor Application.

The Company’s counsel argued that the levy of GIDC through the GIDC Act of 2015 was unconstitutional as there was no element of quid pro quo in reciprocity of the fee being charged. The Company’s counsel further argued that since the judgment and decree passed by the High Court of Sindh in the Company's suit has not challenged consequently the same becomes a past and closed transaction. Further, any rights accrued in favour of the Company on the basis of such judgment and decree could not be affected by any decision the Supreme Court comes to in the instant proceedings. The Supreme Court has heard the appeal and the case is now reserved for judgement.

In the eventual outcome, the amount payable by the Company, if any, on account of GIDC will be ultimately recovered through MYT as a pass through item.

30.1.6 As part of MYT decision, NEPRA through its order dated July 5, 2018, directed the Company to pay interest on security deposit collected from consumers. However, the Company, disagrees with the direction of NEPRA, being without any lawful justification and discriminatory as no other power utility in Pakistan is required to pay interest on security deposit. Accordingly, the Company filed a constitutional petition in the High Court of Sindh on May 30, 2019. The High Court of Sindh through its order dated May 30, 2019 has restrained NEPRA from taking any coercive action against the Company. Based on the advice of the legal advisor, the Company’s management expects a favorable outcome of the above mentioned constitutional petition. However, on the basis of prudence and as an abundant caution, a provision amounting to Rs. 1,036 million (2018: Rs. 631 million) has been recognised in this respect.

30.1.7 Tax related matters are disclosed in notes 40.1 and 40.2

30.2 Claims not acknowledged as debts

30.2.1 A claim amounting to Rs. 73 million, was lodged by Pakistan Steel Mills Corporation (PASMIC) in respect of right of way charges for transmission line passing through the premises of PASMIC. The said claim has been calculated on the basis of the minutes of the meeting held on July 19, 1994, wherein, the key terms were subject to approval of the Company and PASMIC, which was not duly approved.

The Company vide its letter dated June 27, 2007 refuted the aforementioned claim of PASMIC on the grounds that as per section 12 and section 51 of the Electricity Act, 1910, any licensee is permitted to lay down or place electric supply lines with the permission of local authority or the occupier of that land, subject to conferment of powers under Part III, of the Telegraph Act, 1885. Moreover, public utility is also barred from payment of annual rentals to any authority under the Electricity Act, 1910 and that the claim is time barred. Further, the Company was issued license from provincial government and all concessions and permissions for such exemptions are provided in the license. Based on the above mentioned facts, the Company is not liable to pay any amount, whatsoever, in this regard and therefore has not acknowledged the aforementioned claim as debt.

		Note	2019	2018
			(Rupees in '000)	
30.2.2	Fatal accident cases	30.2.5	77,773	77,773
30.2.3	Architect's fee in respect of the Head Office project	30.2.5	50,868	50,868
30.2.4	Outstanding dues of property tax, water charges, custom duty, ground rent and occupancy value	30.2.5	9,389,983	8,587,443

30.2.5 The Company is party to number of cases in respect of fatal injuries, billing disputes, property tax, water charges, custom duty, occupancy charges, ground rent, rent of electric poles and cable and employee related cases. Based on the opinion of Company's lawyers, the management is confident that the outcome of the cases will be in favour of the Company. Accordingly, no provision has been made in respect of these cases / claims in these financial statements.

		2019	2018
30.3	Commitments	(Rupees in '000)	
30.3.1	Guarantees from banks	6,061,921	6,050,444

30.3.2 DPKPG project

The Company entered into the Shareholders' Agreement dated May 20, 2016, for the development of a 700 MW (2 x 350 MW) coal-based power plant (the Project) at Port Qasim, Karachi under an IPP structure. In this respect a project company i.e. Datang Pakistan Karachi Power Generation (Private) Limited (DPKPG) has been incorporated on May 26, 2016. The sponsors of the Project includes China Datang Overseas Investment Company Limited (CDTO) having 51% shareholding, China Machinery Engineering Corporation (CMEC) having 25% shareholding and the Company having 24% shareholding in DPKPG. The principal operations of DPKPG will be to carry out the business of power generation and sell electricity to the Company under a Power Purchase Agreement (PPA).

On March 20, 2019, the Company entered into a MoU with CDTO and CMEC wherein CDTO has agreed to sell its entire shareholding in DPKPG to the Company as per the terms of the Share Purchase Agreement to be entered into by CDTO and the Company. Upon completion of the transaction which is subject to receipt of regulatory and other approvals, the Company's shareholding in DPKPG will increase to 75% from 24%.

		2019	2018
		(Rupees in '000)	
30.3.3	Transmission projects	2,059,897	1,415,839
30.3.4	Transmission Project (TP-1000)	7,581,704	18,029,111
30.3.5	Outstanding letters of credit	7,107,736	5,512,348
30.3.6	Dividend on preference shares	1,119,453	1,119,453

The Company has not recorded any dividend on redeemable preference shares in view of restrictions on dividend placed under the loan agreements with certain local and foreign lenders.

30.3.7 Commitments for rentals under operating lease agreements in respects of vehicles are as follows:

	2019	2018
	(Rupees in '000)	
- Not later than one year	233,764	193,708
- Later than one year but not later than five years	935,054	774,834

These commitments are under Ijarah facilities obtained from a Islamic bank having a tenure of 3 to 5 years. These are secured against promissory notes.

30.3.8 Commitments for rentals under operating lease agreements in respects of Power Purchase Agreement with (SNPC) I and II are as follows:

	2019	2018
	(Rupees in '000)	
- Not later than one year	3,145,675	2,633,457
- Later than one year but not later than five years	12,582,686	12,582,690
- Later than five years	55,329,345	58,475,017

31. SALE OF ENERGY – NET

	Note	2019	2018
		(Rupees in '000)	
Gross sales	31.1	238,732,268	228,708,792
Sales tax		(35,752,397)	(33,575,559)
Other taxes		(11,305,300)	(10,977,676)
Net sales	31.2	191,674,571	184,155,557

31.1 Gross sales are net off an amount of Rs. 350 million representing invoices raised during the year for energy consumed but these invoices are considered non-recoverable notwithstanding the recovery efforts of the Company.

31.2 NET SALES

	Note	2019	2018
		(Rupees in '000)	
Residential	31.2.1	85,025,973	85,776,137
Commercial	31.2.1	33,127,219	31,413,019
Industrial	31.2.1	58,894,339	56,033,792
Karachi Nuclear Power Plant (KANUPP)	31.2.1	873,937	246,768
Fuel surcharge adjustment	31.2.2	10,694,210	7,443,750
Others	31.2.1 & 31.2.3	3,058,893	3,242,091
		191,674,571	184,155,557

31.2.1 The above includes net cycle day impact amounting to Rs. 502 million (2018: Rs. 394 million).

31.2.2 This represents monthly fuel surcharge adjustment as per mechanism provided in the MYT decision. The said amount has been / will be charged to the consumers in accordance with NEPRA's determinations.

31.2.3 This includes Rs. 2,450 million (2018: Rs. 2,350 million) in respect of supply of energy through street lights.

	Note	2019	2018
		(Rupees in '000)	
32. TARIFF ADJUSTMENT			
Tariff adjustment	32.1 & 32.2	97,444,499	32,970,950

32.1 This represents tariff differential subsidy claim for variation in fuel prices, cost of power purchases, operation and maintenance cost, and adjustments required as per NEPRA's MYT decision and those resulting in adjustment of tariff due from Government.

32.2 Includes Rs. 4,050 million comprising dues of 10,353 customers (2018: Rs 3,371 million comprising dues of 60,228 customers) recognised during the year against actual write-off of bad debts, as allowed by NEPRA under the MYT decision for the period from July 1, 2016 to June 30, 2023, through the decision dated July 5, 2018. The write-off amount has been claimed by the Company on October 30, 2019 on a provisional basis as part of quarterly tariff adjustment for the fourth quarter ended June 30, 2019 aggregating to Rs. 10,850 million (fourth quarter ended June 30, 2018: Rs. 4,545 million). Further, NEPRA vide its decision dated December 31, 2019 stated that in connection with the claims submitted by the Company on account of trade debts write-offs for the years ended June 30, 2017 and June 30, 2018 aggregating to Rs. 9,566 million, it requires further deliberation.

As required under the aforementioned NEPRA decision of July 5, 2018, for the purpose of claim of tariff adjustment in respect of actual write-off of bad debts, the Company ensured the following required procedures:

- The defaulter connection against which the bad debts have been written off were disconnected prior to June 30, 2019 both in the case of active and inactive consumers. Further, in the case of inactive consumers, the consumers were marked as “inactive” in the Company’s system i.e. SAP prior to June 30, 2019.

- The aforementioned amount of write-off of bad debts has been approved by the Company’s Board of Directors certifying that the Company has made all best possible efforts to recover the amount being written-off in accordance with the “Policy and Procedures for Write-off of Bad Debts”.

- The actual write-off of bad debts has been determined in accordance with the terms of write-off detailed in the “Policy and Procedures for Write-off of Bad Debts”, as approved by the Board of Directors of the Company.

Further, the statutory auditors of the Company have verified that the amount of write-off of bad debts is not recoverable notwithstanding the efforts of the Company.

In case any amount written-off, as included in the aforementioned claim, is subsequently recovered from the consumer, the recovered amount shall be adjusted in next year’s tariff, as required under the aforementioned NEPRA decision of July 5, 2018.

In respect of all the defaulter connections, against which the aforementioned write-off amount has been claimed by the Company as tariff adjustment for the year ended June 30, 2019, the Company in addition to the defaulter consumer identification and traceability procedures mentioned in the “Policy and Procedures for Write-off of Bad Debts” has carried out physical surveys for establishing the fact that either the defaulter connection is physically disconnected or the defaulter consumer who utilised the electricity is untraceable and recovery in the present circumstances is not possible.

There are number of locations / premises which were removed as a result of anti-encroachment drives by the government authorities, whereas, in a number of other cases the premises to which electricity was supplied is no more traceable due to change in either the mapping of the area (including unleased area), demolition of the original premises, structural changes (including division of single premises into many) to the original premises and discontinuation / demolition of single bulk PMT connection. In all of these cases due to the specific situation the connection and / or premises are no more traceable. In addition, there are certain defaulter consumers; who were not able to pay off their outstanding dues, in various forms including outstanding amounts on hook connection at the time of transfer of defaulter customers to metered connections and other settlements. Accordingly, the same has been claimed as part of write-off for the year ended June 30, 2019 and the corresponding amount has been claimed in the tariff adjustment after verifying underlying facts.

33. PURCHASE OF ELECTRICITY

	2019	2018
	(Rupees in '000)	
Central Power Purchasing Agency (Guarantee) Limited (CPPA) / NTDC	52,596,037	45,657,733
Independent Power Producers (IPPs)	40,925,497	28,997,322
Karachi Nuclear Power Plant (KANUPP)	1,631,864	2,799,728
	95,153,398	77,454,783

34. CONSUMPTION OF FUEL AND OIL

	2019	2018
Natural gas / RLNG	58,647,871	25,569,312
Furnace and other fuel / oil	61,968,857	46,300,714
	120,616,728	71,870,026

35. EXPENSES INCURRED IN GENERATION, TRANSMISSION AND DISTRIBUTION

	Note	Generation expenses	Transmission and distribution expenses	2019	2018
		(Rupees in '000)			
Salaries, wages and other benefits	35.1 & 35.2	1,792,074	1,870,501	3,662,575	3,657,222
Stores and spares		1,198,888	541,004	1,739,892	1,434,590
Office supplies		43,340	82,514	125,854	207,020
NEPRA license fee		34,306	46,808	81,114	72,155
Repairs and maintenance		32,294	49,809	82,103	234,591
Transport expense		78,073	150,299	228,372	170,078
Rent, rates and taxes		89,811	4,277	94,088	410,126
Depreciation	4.1.7	9,876,320	3,202,719	13,079,039	13,031,026
Amortization	5.2	1,850	8,035	9,885	8,526
Interdepartmental consumption		33,097	281,187	314,284	284,676
Provision against slow moving and obsolete stores, spare parts and loose tools	8.1	(3,221)	7,454	4,233	33,491
Third party services		1,233,443	1,119,276	2,352,719	2,404,164
Others		663,154	205,523	868,677	556,857
		15,073,429	7,569,406	22,642,835	22,504,522

35.1 This includes Rs. 297 million (2018: Rs. 257 million) in respect of defined benefit plans, Rs. 131 million (2018: Rs. 128 million) in respect of defined contribution plan and Rs. 5 million (2018: Rs. 2 million) in respect of other long term employee benefits.

35.2 Free electricity benefit to employees amounting to Rs. 62 million (2018: Rs. 81 million) has been included in salaries, wages and other benefits.

36. CONSUMERS SERVICES AND ADMINISTRATIVE EXPENSES

	Note	Consumer Services and Billing Expenses	Administrative and General Expenses	2019	2018
		(Rupees in '000)			
Salaries, wages and other benefits	36.1 & 36.2	7,003,244	2,858,892	9,862,136	9,221,877
Bank collection charges		211,346	22,374	233,720	217,361
Transport cost		496,846	116,547	613,393	393,038
Depreciation	4.1.7	2,626,284	211,776	2,838,060	2,320,833
Amortization	5.2	26,596	114,791	141,387	106,116
Repairs and maintenance		280,328	130,091	410,419	220,958
Rent, rates and taxes		126,267	112,865	239,132	113,603
Public relations and publicity		49,237	153,031	202,268	202,800
Legal expenses		10,372	165,633	176,005	143,882
Professional charges	36.3	7,603	176,867	184,470	110,354
Auditors' remuneration	36.4	-	124,613	124,613	111,000
Directors' fee		-	10,150	10,150	5,100
Provision against debts considered doubtful	9.3	5,033,232	-	5,033,232	2,457,028
Office supplies		200,547	332,399	532,946	417,084
Interdepartmental consumption		101,238	63,879	165,117	173,188
Third party services		2,830,078	684,039	3,514,117	3,639,004
Provision against slow moving and obsolete stores, spare parts and loose tools	8.1	2,128	193	2,321	2,800
Others		362,284	550,677	912,961	990,229
		19,367,630	5,828,817	25,196,447	20,846,255

36.1 This includes Rs. 652 million (2018: Rs. 508 million) in respect of defined benefit plans, Rs. 326 million (2018: Rs. 278 million) in respect of defined contribution plan and Rs. 16 million (2018: Rs. 6 million) in respect of other long term employee benefits.

36.2 Free electricity benefit to employees, amounting to Rs. 190 million (2018: Rs. 164 million) has been included in salaries, wages and other benefits.

36.3 This includes fee of Rs. 78 million charged by M/s A.F.Ferguson & Co., in connection with the assistance provided to the Company on various matters relating to MYT 2017-23 and taxation. These services were provided by M/s A.F. Ferguson & Co., prior to their appointment as statutory auditors of the Company.

36.4 Auditors' remuneration

	2019		2018	
	A. F. Ferguson & Co.	BDO Ebrahim & Co.	A. F. Ferguson & Co.	BDO Ebrahim & Co.
	(Rupees in '000)		(Rupees in '000)	
Fee for statutory audit, half yearly review and review of compliance with the Code of Corporate Governance	5,500	5,500	5,000	5,000
Fee for additional cost incurred in respect of bad debts write-off verification.	15,000	15,000	70,000	30,000
Assistance in application of IFRS 9 and other permitted assurance services.	60,000	-	-	-
Fee for certifications and taxation services	5,489	2,460	-	-
	85,989	22,960	75,000	35,000
Out of pocket expenses	14,074	1,590	500	500
	100,063	24,550	75,500	35,500

	Note	2019	2018
		(Rupees in '000)	

37. OTHER OPERATING EXPENSES

	Note	2019	2018
Exchange loss - net		4,041,248	674,953
Workers' profits participation fund	25.6	467,525	722,066
Interest on consumer deposits	30.1.6	405,155	348,715
Donations	37.1	78,907	68,149
Listing fee		2,456	2,685
Others		37,738	305,854
		5,033,029	2,122,422

37.1 Donations to the following parties exceed 10% of the total amount of donations made by the Company:

	2019	2018
The Indus Hospital	12,552	3,272
Lady Dufferin Hospital	9,558	5,906
The Kidney Center	9,543	6,006
Patients' Aid Foundation	-	23,538
	31,653	38,722

38. OTHER INCOME

Income from financial assets

	Note	2019	2018
Return on bank deposits	38.1	249,379	132,057
Late payment surcharge	38.2	2,327,051	2,317,811
		2,576,430	2,449,868

Income from non-financial assets

	Note	2019	2018
Liquidated damages recovered from suppliers and contractors		102,118	104,780
Scrap sales		194,385	240,043
Amortization of deferred revenue	23	1,831,470	1,686,016
Service connection charges		1,078,636	1,286,680
Collection charges - TV license fee		130,879	113,074
Gain on disposal of property, plant and equipment		1,137,300	535,017
Others		512,732	2,054,736
		4,987,520	6,020,346
		7,563,950	8,470,214

38.1 This Includes Rs. 0.190 million (2018: Rs. 0.141 million) being return on Shariah Compliant bank deposits.

38.2 In accordance with the Company's policy, Late Payment Surcharge (LPS) receivable on delayed payment of electricity bills from various Government / Government controlled entities (Public Sector consumers, "PSCs") amounting to Rs. 737 million for the year ended June 30, 2019 (2018: Rs. 1,035 million) has not been recorded in these financial statements for reasons detailed in note 9.2.

39. FINANCE COST

	Note	2019	2018
		(Rupees in '000)	
Mark-up / interest on:			
- Long term financing	39.1	1,688,091	2,230,514
- Short-term borrowings	39.2	3,940,402	719,362
		5,628,493	2,949,876
Late payment surcharge on delayed payment to creditors		3,106	2,354
Bank charges, guarantee commission, commitment fee and other service charges		357,475	209,584
Letters of credit discounting charges		295,603	74,478
		6,284,677	3,236,292

39.1 This includes Rs. 1,616 million (2018: Rs. 1,461 million) being mark-up on Shariah Compliant long-term financing.

39.2 This includes Rs. 808 million (2018: Rs. 135 million) being mark-up on Shariah Compliant short-term borrowings.

40. TAXATION

	Note	2019	2018
		(Rupees in '000)	
Current tax charge		(1,421,926)	(1,477,142)
Deferred tax credit	24.1	9,812,846	69,724
		8,390,920	(1,407,418)

40.1 The Taxation Officer has amended the assessment orders under section 122(5A) of the Income Tax Ordinance, 2001 in respect of Tax Years 2010 and 2011 resulting in minimum tax liability of Rs. 543 million and Rs. 1,408 million for the Tax Years 2010 and 2011, respectively. The Taxation Officer considered the total tax depreciation allowance instead of accounting depreciation related to cost of sales of the Company for the purpose of assessment of minimum tax liability as per proviso to section 113(1) of the Income Tax Ordinance 2001 and added tariff adjustment (i.e. subsidy) to be part of turnover for the purpose of computing the minimum tax liability. The appeals filed by the Company against the aforementioned assessment orders, was rejected by the Commissioner Inland Revenue (Appeals) – CIR(A). Subsequently, the Company filed appeals against these decisions before the Appellate Tribunal Inland Revenue (ATIR) which have been decided in favour of the Company. The tax department has approached the High Court of Sindh against the decision of ATIR for both Tax Years 2010 and 2011.

Further on similar matter, the Officer Inland Revenue amended the assessment orders for Tax Years 2004 to 2008, raising tax demand aggregating to Rs. 399 million under section 113 of the Income Tax Ordinance, 2001 by considering the tariff adjustment (i.e. subsidy) and other income as part of turnover for the purpose of computation of minimum tax. The Appellate Tribunal in the light of its previous decisions, has decided the appeals for Tax Years 2004, 2005 and 2008 in favor of the Company whereas Company's appeals for Tax Years 2006 and 2007 are pending with the CIR(A).

The Company's management based on advice of its tax consultants expects a favourable outcome of these appeals and therefore, no provision in this respect has been made.

40.2 During 2018, the Officer of Inland Revenue imposed default surcharge on the Company for the Tax Years 2012 to 2015 aggregating to Rs. 83.179 million for not withholding tax on certain payments against goods / services. The Company has filed appeals against these orders before the CIR(A) whose decision is pending to date. The Company's management based on advice of its tax consultants expects a favourable outcome of these appeals and therefore, no provision in this respect has been made.

40.3 Relationship between tax income and accounting profit

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Company's applicable tax rate is as follows:

	2019	2018
	(Rupees in '000)	
Profit before taxation	8,882,697	13,719,248
Tax at the applicable tax rate of 29% (2018: 30%)	(2,575,982)	(4,115,774)
Tax effect of exempt income	28,258,905	9,891,285
Effects of:		
- Deferred tax not recorded on minimum turnover tax	(2,438,503)	(2,347,001)
- Deferred tax not recorded on tax credits, un-utilized tax losses and others	(16,835,314)	(996,332)
- Change in enacted tax rates for future years	2,425,949	(3,153,634)
- Tax on undistributed reserves	(444,135)	(685,962)
	8,390,920	(1,407,418)

	2019	2018
	(Rupees in '000)	

41. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AND AMORTIZATION (EBITDA)

	2019	2018
Profit before finance cost	15,167,374	16,955,540
Depreciation and amortization	16,068,371	15,466,501
	31,235,745	32,422,041

42. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2019	2018
Earnings attributable to ordinary share holders	17,273,617	12,311,830
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	27,615,194,246	27,615,194,246
	(Rupees)	
Earnings per share - basic and diluted	0.63	0.45

43. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2019			2018		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer (Note 43.1)	Directors	Executives (Note 43.1)
	(Rupees in '000)					
Directors' fees (note 43.4)	-	10,150	-	-	5,100	-
Managerial remuneration	40,361	-	3,565,641	22,407	-	3,528,033
Bonus	16,317	-	456,118	22,350	-	415,285
Reimbursable expenses	259	-	61,644	204	-	48,857
Contribution to fund	2,051	-	210,105	1,321	-	177,463
	58,988	10,150	4,293,508	46,282	5,100	4,169,638
Number of persons includes those who worked part of the year	1	11	1,306	1	12	1,270

43.1 Comparative figures have been restated to reflect changes made in the salary structure of the Company during the year.

43.2 The Executives and Chief Executive Officer (CEO) of the Company are provided with medical facilities. CEO is also provided with car facility and accommodation.

43.3 The Company also makes contributions for Executives and CEO to gratuity funds, based on actuarial calculations.

43.4 Non-executive directors are paid fees for attending the meetings of the Board of Directors and its committees, with no other remuneration.

43.5 Gratuity amounting to Rs. 76.5 million (2018: Rs. 46.3 million) was paid to outgoing executives.

	Note	2019	2018
		(Rupees in '000)	

44. CASH AND CASH EQUIVALENTS

	Note	2019	2018
Cash and bank balances	14	2,664,841	1,132,674
Short-term running finances	27	(28,151,847)	(27,904,667)
		(25,487,006)	(26,771,993)

45. FINANCIAL INSTRUMENTS BY CATEGORY

45.1 Financial assets measured at amortized cost

	2019	2018
Long-term loans	19,205	22,001
Long-term deposits	13,734	15,806
Trade debts	99,928,057	115,371,262
Loans and advances	76,547	59,871
Deposits	3,314,492	2,414,868
Other receivables	132,444,253	49,652,399
Cash and bank balances	2,664,841	1,132,674
	238,461,129	168,668,881

45.2 Financial assets measured at fair value through profit or loss

	Note	2019	2018
Derivative financial asset	45.2.1	4,464,424	669,985

45.2.1 Derivative financial asset have been classified into level 2 fair value measurement hierarchy and is calculated as the present value of estimated future cash flows based on observable yield.

45.3 Financial liabilities measured at amortised cost

	2019	2018
	(Rupees in '000)	
Long-term diminishing musharaka	8,687,165	13,005,681
Long-term financing	41,227,153	11,896,987
Long-term deposits	10,808,331	9,718,749
Current maturity of long-term diminishing musharaka	4,400,000	4,400,000
Current maturity of long-term financing	3,274,552	2,184,620
Trade and other payables	173,310,130	126,034,741
Unclaimed dividend	645	645
Accrued mark-up	7,527,712	6,369,631
Short-term borrowings	71,921,721	41,317,360
Short-term deposits	17,407,727	11,177,087
	338,565,136	226,105,501

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors

The Company has exposure to the following risks arising from financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Following information presents the Company's exposure to each of the aforementioned risks, the Company's objectives, policies and processes for measuring and managing risks and the Company's management of capital.

Risk management framework

The Board of Directors (BoD) has the overall responsibility for the establishment and oversight of the Company's risk management framework. The BoD has established a Board Finance Committee (the Committee), which is responsible for developing and monitoring the Company's risk management policies. The Committee regularly reports to the BoD on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limit and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board Audit Committee (BAC) oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Company. The BAC is assisted in its oversight role by the internal audit function. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the BAC.

The Company's principal financial liabilities other than derivatives, mainly comprise bank loans, overdrafts and trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade and other receivables, cash and bank balances, short-term deposits, etc. which arise directly from its operations.

The Company also enters into derivative transactions, primarily cross currency and interest rate swap contracts. The purpose is to manage currency and interest rate risk from the Company's operations and its sources of finance. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The BOD reviews and agrees policies for managing each of these risks which are summarised below:

46.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market prices of instruments due to change in credit rating of the issuer or the instrument, changes in market sentiments, speculative activities, supply and demand of instruments and liquidity in the market. The Company manages the market risk by monitoring exposure on financial instruments and by following internal risk management policies.

Market risk comprise of three components - currency risk, interest rate risk and other price risk.

46.1.1 Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has foreign currency exposures in US Dollars, Euro and UK Pound in the form of bank balances (note 14), long-term financing (note 20), trade and other payables (note 25) and short-term borrowings (note 27). As at June 30, 2019, had the Company's functional currency strengthened / weakened by 5% against US Dollar, Euro and UK Pound, with all other variables held constant, profit for the year would have been higher / lower by Rs. 1,475 million (2018: Rs. 2,661 million) mainly as a result of foreign exchange gains / losses.

46.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company’s interest rate risk arises from long-term financing and short-term borrowing facilities for financing its generation, transmission and distribution projects and meeting working capital requirements at variable rates. The Company manages these mismatches through risk management policies where significant changes in gap position can be adjusted. The Company has hedged its interest rate risk on long-term financing through cross currency swaps.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	2019	2018
	(Rupees in '000)	
Fixed rate instruments		
Financial assets		
Deposit accounts	525,263	286,684
Long term loans	429	429
Deposits under lien against LC	1,017,055	987,344
	1,542,747	1,274,457
Variable rate instruments		
Financial liabilities		
Long term diminishing musharaka	13,087,165	17,405,681
Long term financing	44,475,095	14,054,997
Short-term borrowings	71,904,342	41,308,060
	129,466,602	72,768,738

Fair value sensitivity analysis

The Company does not account for fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not have affected profit or loss.

Cash flow sensitivity analysis for variable rate instruments

If KIBOR / LIBOR had been 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 1,296 million (2018: Rs. 727 million).

46.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. As at the reporting date, the Company is not exposed to equity price risk.

46.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's receivables from customers and balances held with banks. Out of the total financial assets as set out in note 45, those that are subject to credit risk aggregated Rs. 65,287 million as at June 30, 2019 (2018: Rs. 74,588 million). The analysis below summarises the credit quality of the Company's financial assets as at June 30, 2019.

- The Company's electricity is sold to industrial, commercial and residential consumers and government organisations. Due to large number and diversity of its consumer base, concentration of credit risk with respect to trade debts is limited. Further, the Company manages its credit risk by obtaining security deposits from the consumers. Further the Company considers the credit risk arising from receivables from public sector consumers to be minimal. Additionally other receivables primarily represents tariff adjustments due from the GoP.

- The credit quality of the banks with which the Company held balances as at June 30, 2019 is represented by the related credit ratings assigned by the external agencies. The material balances are held with the banks having credit ratings of atleast 'A1' which is defined as 'Obligations supported by a strong capacity for timely repayment'.

- Deposits include lien against settlement of letter of credits, loans and sukuk repayments with commercial banks which have a credit rating of A1.

Concentration of credit risk exists when changes in economic and industry factors similarly affect the group of counter parties whose aggregated credit exposure is significant in relation to the Company's total credit exposure. The Company's financial assets are broadly diversified and transactions are entered into with diverse credit worthy parties thereby mitigating any significant concentration risk. Therefore, the Company believes that it is not exposed to major concentration of credit risk.

46.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments:

	2019					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to Five years	More than five years
	(Rupees in '000)					
Non-derivative						
Financial liabilities						
Long-term financing	44,501,705	61,263,281	3,720,799	3,684,986	40,887,700	12,969,796
Long-term diminishing musharaka	13,087,165	16,190,665	3,083,062	2,929,103	10,178,500	-
Long-term deposits	10,808,331	10,808,331	-	-	-	10,808,331
Trade and other payables	185,242,272	185,242,272	160,010,520	-	25,231,752	-
Accrued mark-up	7,527,712	7,527,712	7,527,712	-	-	-
Short-term borrowings	71,921,721	74,735,595	59,609,621	15,125,974	-	-
Short-term deposits	17,407,727	17,407,727	17,407,727	-	-	-
	350,496,633	373,175,583	251,359,441	21,740,063	76,297,952	23,778,127

	2018					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to Five years	More than five years
	(Rupees in '000)					
Non-derivative						
Financial liabilities						
Long-term financing	14,081,607	16,170,374	1,120,156	1,586,543	10,625,344	2,838,331
Long-term diminishing musharaka	17,405,681	20,562,080	2,875,180	2,788,060	14,898,840	-
Long-term deposits	9,718,749	9,719,245	-	-	-	9,719,245
Trade and other payables	134,886,855	134,886,855	109,655,103	-	25,231,752	-
Accrued mark-up	6,369,631	6,369,631	6,369,631	-	-	-
Short-term borrowings	41,317,360	42,155,704	34,797,007	7,358,697	-	-
Short-term deposits	11,177,087	11,177,087	11,177,087	-	-	-
	234,956,970	241,040,976	165,994,164	11,733,300	50,755,936	12,557,576

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at June 30, 2019 and includes both principal and interest payable thereon. The rates of mark-up have been disclosed in notes 19, 20 and 27 to these financial statements.

46.4 Reconciliation of movement of liabilities to cashflows arising from financing activities is as follows:

	Short-term borrowings used for cash management purpose	Other short-term borrowings including related accrued markup	Long-term borrowings including related accrued markup	Long-term diminishing musharaka including related accrued markup	Long term deposits including related accrued markup	Total
	(Rupees in '000)					
Balance as at July 1, 2018	27,904,667	14,733,055	14,162,518	17,458,944	10,349,664	84,608,848
Changes from financing cash flows						
Repayment of loan	-	(2,449,523)	(1,242,857)	(4,400,000)	-	(8,092,380)
Proceeds from loan	-	32,806,704	26,207,815	-	-	59,014,519
Receipts of security deposit	-	-	-	-	1,090,566	1,090,566
Disbursement of security deposit	-	-	-	-	(984)	(984)
Total changes from financing activities	-	30,357,181	24,964,958	(4,400,000)	1,089,582	52,011,721
Other changes - interest cost						
Interest expense	-	3,940,402	88,425	1,599,666	405,155	6,033,648
Interest paid	-	(4,317,448)	(3,384,355)	(1,582,452)	-	(9,284,255)
Exchange loss	-	-	5,433,186	-	-	5,433,186
Amortization of transaction cost	-	-	21,954	81,484	-	103,438
Finance cost capitalised	-	960,884	3,447,804	-	-	4,408,688
Changes in running finance	247,180	-	-	-	-	247,180
Total loan related other changes	247,180	583,838	5,607,014	98,698	405,155	6,941,885
Balance as at June 30, 2019	28,151,847	45,674,074	44,734,490	13,157,642	11,844,401	143,562,454

46.5 Hedging activities and derivatives

The Company uses foreign currency denominated borrowings to manage some of its transactions exposures. These include cross currency swaps which are designated as cash flow hedge and qualify for hedge accounting (note 3.8).

Cash flow hedges

During the year, the Company had held cross currency swaps with commercial banks, designated as cash flow hedges of expected future principal repayments of loan from foreign lenders. The cross currency swaps were being used to hedge the currency risk and interest rate risk in respect of long-term financing as stated in notes 20.1 and 20.2 to these financial statements.

The critical terms of the cross currency swap contracts have been negotiated to match the terms of the aforementioned financial liability (note 13).

47. CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain future development of the business and maximize shareholders value. No changes were made in the objectives, policies or processes during the year ended June 30, 2019.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. Investment and financing decisions are made after taking into account the tariff structure under MYT 2017-2023, the Company's financial position and requirements of lenders. This necessitated re-investment of profits to strengthen the Company's financial position to comply with requirements of lenders as well as to fund new projects. Details of adjusted invested equity as at the reporting date are given in note 16.9.

The Company monitors capital using debt to equity ratios. During the year, the Company's strategy was to maintain leveraged gearing. The long-term debt to equity ratio as at June 30, 2019 is as follows:

	Note	2019	2018
		(Rupees in '000)	
Long-term diminishing musharaka	19	8,687,165	13,005,681
Long-term financing	20	41,227,153	11,896,987
Long-term debt		49,914,318	24,902,668
Total equity		214,489,462	207,293,038
Total capital		264,403,780	232,195,706
Long-term debt to equity		0.19:1	0.11:1

48 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

48.1 Related parties of the Company comprise of associated companies, state-controlled entities, staff retirement benefit plans and the Company's Directors and Key Management personnel. Following are the particulars of related parties and associated undertakings of the Company with whom the Company had entered into transactions or had agreements and arrangements in place during the year:

Name of related parties	Direct shareholding in the Company	Relationship
KES Power Limited	66.4%	Holding Company
GoP represented by the President of Pakistan	24.4%	Major shareholder
BYCO Petroleum Pakistan Limited	0.0%	Common directorship
Central Power Purchasing Agency (Guarantee) Limited	0.0%	State controlled entity
Pakistan State Oil Company Limited (PSO)	0.0%	State controlled entity
Sui Southern Gas Company Limited (SSGC)	0.0%	State controlled entity
Syed Moonis Abdullah Alvi	0.0%	Chief Executive Officer
Ikram-ul-Majeed Sehgal	0.0%	Non-Executive Director
Khalid Rafi	0.0000018%	Independent Director
Chaudhary Khaqan Saadullah Khan	0.0%	Non-Executive Director
Dr. Ahmed Mujtaba Memon	0.0%	Non-Executive Director
Mubasher H. Sheikh	0.0%	Non-Executive Director
Muhammad Zubair Motiwala	0.0%	Non-Executive Director
Nayyer Hussain	0.0%	Non-Executive Director
Shan A. Ashary	0.0%	Non-Executive Director
Waseem Mukhtar	0.0%	Non-Executive Director
Dale Roger Sinkler	0.0%	Key Management Personnel
Eram Hasan*	0.0%	Key Management Personnel
Muhammad Aamir Ghaziani	0.0%	Chief Financial Officer
Muhammad Rizwan Dalia	0.0%	Key Management Personnel
Sheikh Amer Zia	0.0%	Key Management Personnel
Syed Fakhar Ahmed*	0.0%	Key Management Personnel
Aadil Riaz	0.0%	Key Management Personnel
Aamir Rizwan Qureshi	0.0%	Key Management Personnel
Abbas Husain Siahiwala	0.0%	Key Management Personnel
Ahsan Anis	0.0%	Key Management Personnel
Ali Kamal*	0.0%	Key Management Personnel
Amir Zafar*	0.0%	Key Management Personnel
Arshad Iftikhar	0.0%	Key Management Personnel
Asif Raza	0.0%	Key Management Personnel
Ayaz Jaffar Ahmed	0.0%	Key Management Personnel
Faisal Jehangir Malik	0.0%	Key Management Personnel
Faisal Karamat	0.0%	Key Management Personnel
Haider Ali	0.0%	Key Management Personnel
Hammad Khalid	0.0%	Key Management Personnel
Imdad Afzal	0.0%	Key Management Personnel

Name of related parties	Direct shareholding in the Company	Relationship
Jamil A. Bajwa	0.0%	Key Management Personnel
Jeeva Shahid Haroun	0.0%	Key Management Personnel
Kamran Akhtar Hashmi	0.0%	Key Management Personnel
Khalid Bashir Malik	0.0%	Key Management Personnel
Khalilullah Shaikh*	0.0%	Key Management Personnel
Maqsood Ali*	0.0%	Key Management Personnel
Mohammad Adil*	0.0%	Key Management Personnel
Muhammad Adnan Ali Rizwi	0.0%	Key Management Personnel
Muhammad Ali	0.0%	Key Management Personnel
Muhammad Asif Saad*	0.0%	Key Management Personnel
Muhammad Faizan Mahmood Khan	0.0%	Key Management Personnel
Pervez Musani	0.0%	Key Management Personnel
Qazi Nisar Ahmed*	0.0%	Key Management Personnel
Rehan Saeed Khan	0.0%	Key Management Personnel
Rizwan Pesnani	0.0%	Key Management Personnel
Sadia Dada*	0.0%	Key Management Personnel
Sheikh Humayun Saghir	0.0%	Key Management Personnel
Syed Irfan Ali Shah	0.0%	Key Management Personnel
Wahid Asghar	0.0%	Key Management Personnel
Waqas Bin Najib*	0.0%	Key Management Personnel
Employee Retirement benefit funds:		
- Gratuity fund	0.0%	Post employement benefits / plans
- Provident fund	0.0%	Post employement benefits / plans

* These Key Management personnel resigned / retired from the Company subsequent to the year ended June 30, 2019.

48.2 Details of transactions with related parties, not disclosed elsewhere in these financial statements, are as follows:

48.2.1 Government related entities

The Company has availed the exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with government related / state-owned entities except for transactions included below, which the Company considers to be significant:

			2019	2018
			(Rupees in '000)	
	Central Power Purchasing Agency (Guarantee) Limited (CPPA) / NTDC	Power purchases	52,596,037	45,657,733
	Pakistan State Oil Company Limited	Purchase of furnace oil & other lubricants	54,216,846	40,838,292
	Sui Southern Gas Company Limited	Purchase of gas	58,647,871	25,569,312
48.2.2	BYCO Petroleum Pakistan Limited	Purchase of furnace oil & other lubricants	7,241,620	6,686,844
48.2.3	Key management personnel	Managerial remuneration	443,717	351,738
		Other allowances and benefits	265,851	235,843
		Retirement benefits	39,665	10,734
		Leave encashment	1,392	724
48.2.4	Provident fund	Contribution to provident fund	914,901	812,209

49. PROVIDENT FUND

The Company operates approved funded contributory provident fund for both its management and non-management employees. The investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified there under.

50. PLANT CAPACITY AND ANNUAL PRODUCTION

The details of actual generation against average annual Gross Dependable Capacity of each plant of the Company is as follows:

Plant Particulars	Average Gross Dependable Capacity 2019	2018	Actual Generation 2019	2018
	(MW)		(Gwh)	
Bin Qasim Power Station - I	1,061	1,047	4,646	4,765
Bin Qasim Power Station - II	526	529	4,066	3,751
CCPP KORANGI	229	229	1,257	1,001
Site Gas Turbine Power Station	96	96	368	498
Korangi Town Gas Turbine	96	96	390	323
	2,008	1,997	10,727	10,338

51. OPERATING SEGMENT

The Company operates as a vertically integrated power utility under a single integrated tariff structure, as determined by NEPRA; with no separate revenue streams for its Generation, Transmission and Distribution functions. The Company as a whole earns revenues by providing electricity to end consumers only.

Accordingly, these financial statements have been prepared on the basis of a single reportable segment, which is also consistent with the internal reporting made to the chief operating decision-maker of the Company. The chief operating decision-maker is the Board of Directors of the Company, which is responsible for allocating resources and assessing performance of the operating segments.

There was no change in the reportable segments during the year.

The Company is domiciled in Pakistan and all non-current assets of the Company at June 30, 2019 are located in Pakistan.

52. BENAZIR EMPLOYEES STOCK OPTION SCHEME (BESOS)

On August 14, 2009, GoP launched Benazir Employees' Stock Option Scheme ("the Scheme") for employees of certain State Owned Enterprise (SOEs) and non-state Owned Enterprise where GoP holds significant investments (non-SOEs). The scheme was applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer the Scheme, GoP was to transfer 12% of its investment in such SOEs and non-SOEs to a trust fund to be created for the purpose by each of such entities. The eligible employees would be allotted units by each trust fund in proportion to their respective length of service and on retirement or termination such employees would be entitled to receive such amounts from trust funds in exchange for the surrendered units as would be determined based on the market price of the listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to the GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective trust fund to the central revolving fund managed by the Privatisation Commission of Pakistan for the payment to employees against surrendered units. The deficit, if any, in Trust funds to meet the re-purchase commitment would be met by the GoP.

The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of SOEs needs to be accounted for by the entities, including the Company, under the IFRS 2 "Share Based Payments" (IFRS-2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan (ICAP) vide the letter number CAIDTS/PS& TAC/2011-2036 dated February 2, 2011 has granted exemption to such entities from the application of IFRS 2 to the Scheme vide SRO 587 (I)/2011 dated June 7, 2011.

The liability of BESOS for the Company's employees is a liability of the fund and Company has no liability towards these payments. Various formalities relating to the finalisation of the Scheme such as trust deed and vesting period are yet to be finalized. Moreover, due to certain administrative issues, trust fund has not yet been created by GoP.

53. NUMBER OF EMPLOYEES

	2019	2018
Total number of employees as at the reporting date	10,331	10,406
Average number of employees during the year	10,262	10,631

54. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 9, 2020, by the Board of Directors of the Company.

55. GENERAL

55.1 All figures have been rounded off to the nearest thousand Pakistan Rupees unless otherwise stated.

55.2 On March 11, 2020, the World Health Organisation has declared COVID-19 (the virus) a global ‘pandemic’. With the growing number of cases in Pakistan the Provincial Governments and the Federal Government of Pakistan have provided various directions and are taking measures to respond to the virus. The ongoing situation may have an impact on the operations and financial condition of the Company. The extent of the spread of the virus and its potential impact on the Company is undeterminable at the date these financial statements were approved and authorised for issue. However, the management and the Board of Directors of the Company continue to monitor the developing situation.

Syed Moonis Abdullah Alvi Chief Executive Officer	Khalid Rafi Director	Muhammad Aamir Ghaziani Chief Financial Officer

PATTERN OF SHAREHOLDING

As of June 30, 2019

# of Shareholders	Shareholdings Slab			Total Shares Held
5894	1	to	100	169,400
3893	101	to	500	1,267,850
2578	501	to	1000	2,340,293
4991	1001	to	5000	14,479,617
2000	5001	to	10000	16,721,974
826	10001	to	15000	10,737,113
628	15001	to	20000	11,796,790
459	20001	to	25000	10,968,860
315	25001	to	30000	9,066,738
189	30001	to	35000	6,302,388
176	35001	to	40000	6,854,926
91	40001	to	45000	3,954,128
347	45001	to	50000	17,204,834
96	50001	to	55000	5,104,517
111	55001	to	60000	6,572,322
53	60001	to	65000	3,362,524
57	65001	to	70000	3,924,448
70	70001	to	75000	5,169,354
59	75001	to	80000	4,640,883
40	80001	to	85000	3,348,000
29	85001	to	90000	2,578,287
31	90001	to	95000	2,890,278
276	95001	to	100000	27,561,586
26	100001	to	105000	2,671,428
38	105001	to	110000	4,140,410
20	110001	to	115000	2,283,000
24	115001	to	120000	2,846,693
33	120001	to	125000	4,093,307
13	125001	to	130000	1,674,199
13	130001	to	135000	1,733,258
23	135001	to	140000	3,208,487
18	140001	to	145000	2,585,143
57	145001	to	150000	8,542,000
17	150001	to	155000	2,601,016
16	155001	to	160000	2,550,159
11	160001	to	165000	1,794,000
11	165001	to	170000	1,856,150
11	170001	to	175000	1,907,670
12	175001	to	180000	2,149,000
8	180001	to	185000	1,466,500
12	185001	to	190000	2,261,195
8	190001	to	195000	1,548,000
110	195001	to	200000	21,988,756
19	200001	to	205000	3,860,738
18	205001	to	210000	3,770,200
7	210001	to	215000	1,494,000
11	215001	to	220000	2,397,142
24	220001	to	225000	5,389,234
5	225001	to	230000	1,141,500
3	230001	to	235000	702,000
6	235001	to	240000	1,430,000

# of Shareholders	Shareholdings Slab			Total Shares Held
5	240001	to	245000	1,218,500
35	245001	to	250000	8,742,940
7	250001	to	255000	1,772,527
8	255001	to	260000	2,066,500
8	260001	to	265000	2,120,000
7	265001	to	270000	1,881,187
14	270001	to	275000	3,844,000
5	275001	to	280000	1,388,378
5	280001	to	285000	1,413,000
7	285001	to	290000	2,021,500
5	290001	to	295000	1,472,000
50	295001	to	300000	14,988,500
3	300001	to	305000	908,124
4	305001	to	310000	1,234,519
5	310001	to	315000	1,566,500
5	315001	to	320000	1,587,500
7	320001	to	325000	2,270,000
4	325001	to	330000	1,311,500
7	330001	to	335000	2,342,905
5	335001	to	340000	1,690,349
13	345001	to	350000	4,538,500
4	350001	to	355000	1,409,079
4	355001	to	360000	1,433,500
2	360001	to	365000	727,500
1	365001	to	370000	369,000
8	370001	to	375000	2,995,500
2	375001	to	380000	760,000
1	380001	to	385000	382,000
1	385001	to	390000	387,500
3	390001	to	395000	1,182,500
23	395001	to	400000	9,195,059
7	400001	to	405000	2,819,353
3	405001	to	410000	1,226,764
2	410001	to	415000	827,000
5	420001	to	425000	2,123,500
3	425001	to	430000	1,289,500
6	430001	to	435000	2,590,840
1	435001	to	440000	440,000
1	440001	to	445000	442,000
10	445001	to	450000	4,500,000
2	450001	to	455000	904,470
3	455001	to	460000	1,377,500
2	465001	to	470000	937,000
1	470001	to	475000	474,500
3	475001	to	480000	1,439,500
1	480001	to	485000	482,000
2	485001	to	490000	974,000
47	495001	to	500000	23,500,000
5	500001	to	505000	2,508,924
3	505001	to	510000	1,523,975
3	510001	to	515000	1,539,000
1	515001	to	520000	520,000
3	520001	to	525000	1,572,000
3	525001	to	530000	1,586,500
2	530001	to	535000	1,065,500

# of Shareholders	Shareholdings Slab			Total Shares Held
1	540001	to	545000	541,000
11	545001	to	550000	6,044,000
1	555001	to	560000	556,000
2	560001	to	565000	1,125,500
1	565001	to	570000	569,000
2	570001	to	575000	1,146,500
2	575001	to	580000	1,153,000
1	580001	to	585000	583,500
1	590001	to	595000	595,000
13	595001	to	600000	7,800,000
2	600001	to	605000	1,201,001
2	615001	to	620000	1,236,000
2	620001	to	625000	1,250,000
6	645001	to	650000	3,900,000
1	650001	to	655000	650,648
2	660001	to	665000	1,326,500
2	665001	to	670000	1,338,000
3	670001	to	675000	2,015,326
1	675001	to	680000	680,000
2	680001	to	685000	1,363,000
1	685001	to	690000	687,000
1	690001	to	695000	694,500
8	695001	to	700000	5,595,500
2	700001	to	705000	1,404,158
2	705001	to	710000	1,412,913
1	720001	to	725000	725,000
2	725001	to	730000	1,460,000
1	730001	to	735000	733,000
1	735001	to	740000	740,000
9	745001	to	750000	6,747,000
2	750001	to	755000	1,505,500
1	765001	to	770000	770,000
2	775001	to	780000	1,555,000
2	790001	to	795000	1,589,500
5	795001	to	800000	4,000,000
1	800001	to	805000	802,500
1	805001	to	810000	810,000
2	815001	to	820000	1,635,000
1	820001	to	825000	825,000
3	825001	to	830000	2,484,500
2	830001	to	835000	1,668,500
2	840001	to	845000	1,685,500
1	845001	to	850000	847,500
1	850001	to	855000	851,000
1	880001	to	885000	885,000
1	890001	to	895000	893,000
6	895001	to	900000	5,400,000
1	905001	to	910000	909,000
1	915001	to	920000	916,000
1	925001	to	930000	926,500
1	935001	to	940000	940,000
1	945001	to	950000	950,000
1	950001	to	955000	950,509
1	970001	to	975000	975,000
1	975001	to	980000	980,000

# of Shareholders	Shareholdings Slab			Total Shares Held
1	985001	to	990000	987,000
25	995001	to	1000000	25,000,000
2	1000001	to	1005000	2,009,000
1	1010001	to	1015000	1,010,746
1	1025001	to	1030000	1,026,296
1	1030001	to	1035000	1,030,500
2	1045001	to	1050000	2,097,500
1	1060001	to	1065000	1,065,000
1	1070001	to	1075000	1,075,000
1	1080001	to	1085000	1,080,001
3	1095001	to	1100000	3,300,000
1	1100001	to	1105000	1,100,829
1	1105001	to	1110000	1,109,000
2	1145001	to	1150000	2,300,000
1	1160001	to	1165000	1,163,500
2	1165001	to	1170000	2,339,000
6	1195001	to	1200000	7,200,000
2	1220001	to	1225000	2,450,000
1	1235001	to	1240000	1,240,000
1	1250001	to	1255000	1,254,514
1	1275001	to	1280000	1,280,000
2	1295001	to	1300000	2,600,000
1	1305001	to	1310000	1,307,000
1	1340001	to	1345000	1,340,500
1	1345001	to	1350000	1,350,000
4	1395001	to	1400000	5,600,000
1	1405001	to	1410000	1,410,000
1	1410001	to	1415000	1,410,500
2	1420001	to	1425000	2,849,000
1	1425001	to	1430000	1,428,000
1	1450001	to	1455000	1,450,500
3	1460001	to	1465000	4,392,000
1	1470001	to	1475000	1,475,000
6	1495001	to	1500000	9,000,000
1	1505001	to	1510000	1,510,000
1	1515001	to	1520000	1,520,000
1	1545001	to	1550000	1,550,000
1	1550001	to	1555000	1,554,500
1	1560001	to	1565000	1,565,000
1	1565001	to	1570000	1,570,000
2	1570001	to	1575000	3,150,000
5	1595001	to	1600000	7,998,500
1	1600001	to	1605000	1,602,000
1	1625001	to	1630000	1,630,000
1	1630001	to	1635000	1,631,000
2	1640001	to	1645000	3,283,202
1	1655001	to	1660000	1,660,000
1	1695001	to	1700000	1,697,000
1	1735001	to	1740000	1,739,500
2	1745001	to	1750000	3,500,000
1	1765001	to	1770000	1,770,000
1	1790001	to	1795000	1,795,000
1	1805001	to	1810000	1,805,500
1	1845001	to	1850000	1,850,000
2	1880001	to	1885000	3,766,500

# of Shareholders	Shareholdings Slab			Total Shares Held
1	1895001	to	1900000	1,897,500
2	1945001	to	1950000	3,900,000
1	1980001	to	1985000	1,983,000
1	1990001	to	1995000	1,994,000
9	1995001	to	2000000	18,000,000
1	2015001	to	2020000	2,017,000
1	2025001	to	2030000	2,029,342
1	2045001	to	2050000	2,050,000
1	2065001	to	2070000	2,068,000
1	2070001	to	2075000	2,075,000
4	2095001	to	2100000	8,400,000
1	2100001	to	2105000	2,101,000
1	2125001	to	2130000	2,130,000
1	2135001	to	2140000	2,138,000
1	2140001	to	2145000	2,144,500
1	2195001	to	2200000	2,200,000
1	2200001	to	2205000	2,201,500
2	2245001	to	2250000	4,500,000
4	2295001	to	2300000	9,195,500
2	2330001	to	2335000	4,666,500
1	2345001	to	2350000	2,350,000
1	2355001	to	2360000	2,359,500
1	2370001	to	2375000	2,375,000
1	2395001	to	2400000	2,400,000
3	2495001	to	2500000	7,500,000
1	2505001	to	2510000	2,508,967
2	2565001	to	2570000	5,136,500
1	2595001	to	2600000	2,600,000
1	2675001	to	2680000	2,676,000
1	2685001	to	2690000	2,688,000
1	2710001	to	2715000	2,712,900
1	2800001	to	2805000	2,801,500
1	2845001	to	2850000	2,848,500
1	2860001	to	2865000	2,862,500
1	2870001	to	2875000	2,875,000
1	2940001	to	2945000	2,941,500
1	2950001	to	2955000	2,955,000
1	2955001	to	2960000	2,955,500
1	2985001	to	2990000	2,987,000
4	2995001	to	3000000	12,000,000
1	3005001	to	3010000	3,005,500
1	3030001	to	3035000	3,030,500
1	3080001	to	3085000	3,082,000
1	3110001	to	3115000	3,115,000
1	3145001	to	3150000	3,150,000
1	3160001	to	3165000	3,163,000
3	3195001	to	3200000	9,600,000
1	3230001	to	3235000	3,234,500
1	3295001	to	3300000	3,300,000
1	3345001	to	3350000	3,350,000
1	3435001	to	3440000	3,437,676
2	3495001	to	3500000	7,000,000
1	3695001	to	3700000	3,700,000
1	3700001	to	3705000	3,702,500
1	3720001	to	3725000	3,725,000

# of Shareholders	Shareholdings Slab			Total Shares Held
1	3745001	to	3750000	3,750,000
1	3775001	to	3780000	3,777,500
1	3795001	to	3800000	3,800,000
1	3945001	to	3950000	3,950,000
4	3995001	to	4000000	16,000,000
1	4195001	to	4200000	4,200,000
1	4245001	to	4250000	4,250,000
1	4280001	to	4285000	4,281,000
1	4295001	to	4300000	4,300,000
1	4315001	to	4320000	4,319,500
1	4340001	to	4345000	4,344,000
1	4390001	to	4395000	4,392,000
1	4405001	to	4410000	4,409,000
1	4495001	to	4500000	4,500,000
1	4595001	to	4600000	4,600,000
1	4670001	to	4675000	4,673,775
1	4745001	to	4750000	4,750,000
2	4950001	to	4955000	9,906,500
5	4995001	to	5000000	24,995,500
1	5030001	to	5035000	5,034,000
1	5110001	to	5115000	5,115,000
1	5170001	to	5175000	5,175,000
1	5225001	to	5230000	5,230,000
1	5340001	to	5345000	5,340,500
1	5395001	to	5400000	5,400,000
1	5430001	to	5435000	5,435,000
1	5715001	to	5720000	5,716,040
1	5770001	to	5775000	5,772,000
1	5915001	to	5920000	5,916,000
1	5945001	to	5950000	5,945,500
1	6000001	to	6005000	6,005,000
1	6015001	to	6020000	6,020,000
1	6075001	to	6080000	6,075,500
1	6245001	to	6250000	6,250,000
1	6290001	to	6295000	6,291,500
1	6355001	to	6360000	6,360,000
1	6595001	to	6600000	6,599,500
1	6745001	to	6750000	6,750,000
1	6755001	to	6760000	6,759,000
1	6795001	to	6800000	6,799,547
1	6850001	to	6855000	6,850,500
2	6995001	to	7000000	14,000,000
1	7000001	to	7005000	7,001,000
1	7405001	to	7410000	7,405,500
1	8180001	to	8185000	8,184,094
2	8545001	to	8550000	17,096,764
1	8675001	to	8680000	8,678,500
1	8795001	to	8800000	8,799,500
1	8965001	to	8970000	8,969,736
1	8995001	to	9000000	9,000,000
1	9500001	to	9505000	9,503,000
1	9545001	to	9550000	9,546,000
1	9565001	to	9570000	9,569,500
1	9585001	to	9590000	9,588,500
1	9705001	to	9710000	9,706,969

# of Shareholders	Shareholdings Slab			Total Shares Held
3	9995001	to	10000000	30,000,000
1	10455001	to	10460000	10,456,000
1	10495001	to	10500000	10,500,000
1	10865001	to	10870000	10,867,500
1	10870001	to	10875000	10,872,000
1	10910001	to	10915000	10,910,500
1	10960001	to	10965000	10,961,500
1	11110001	to	11115000	11,110,500
1	11450001	to	11455000	11,454,600
1	11510001	to	11515000	11,513,000
1	11950001	to	11955000	11,955,000
1	12735001	to	12740000	12,740,000
1	12745001	to	12750000	12,750,000
1	12875001	to	12880000	12,878,000
1	12925001	to	12930000	12,928,500
1	13155001	to	13160000	13,157,500
1	13325001	to	13330000	13,327,500
1	13495001	to	13500000	13,500,000
1	13745001	to	13750000	13,750,000
1	15095001	to	15100000	15,100,000
1	16770001	to	16775000	16,774,500
1	17130001	to	17135000	17,131,500
1	19080001	to	19085000	19,083,042
1	19265001	to	19270000	19,265,819
1	19995001	to	20000000	20,000,000
1	20360001	to	20365000	20,363,000
1	21965001	to	21970000	21,969,500
1	22050001	to	22055000	22,050,500
1	22495001	to	22500000	22,500,000
1	22520001	to	22525000	22,522,000
1	24050001	to	24055000	24,050,500
1	24495001	to	24500000	24,500,000
1	24555001	to	24560000	24,560,000
1	26610001	to	26615000	26,611,000
1	28665001	to	28670000	28,668,000
1	29115001	to	29120000	29,120,000
1	29960001	to	29965000	29,962,500
1	30095001	to	30100000	30,099,500
1	30180001	to	30185000	30,183,000
1	30510001	to	30515000	30,513,500
1	32915001	to	32920000	32,917,688
1	34900001	to	34905000	34,903,500
1	35340001	to	35345000	35,342,500
1	39995001	to	40000000	40,000,000
1	46715001	to	46720000	46,719,000
1	60015001	to	60020000	60,016,500
1	67840001	to	67845000	67,844,000
1	72405001	to	72410000	72,408,000
1	184125001	to	184130000	184,128,500
1	6726910001	to	6726915000	6,726,912,278
1	18335540001	to	18335545000	18,335,542,678
24598				**27,615,194,246**

CATEGORIES OF SHAREHOLDERS

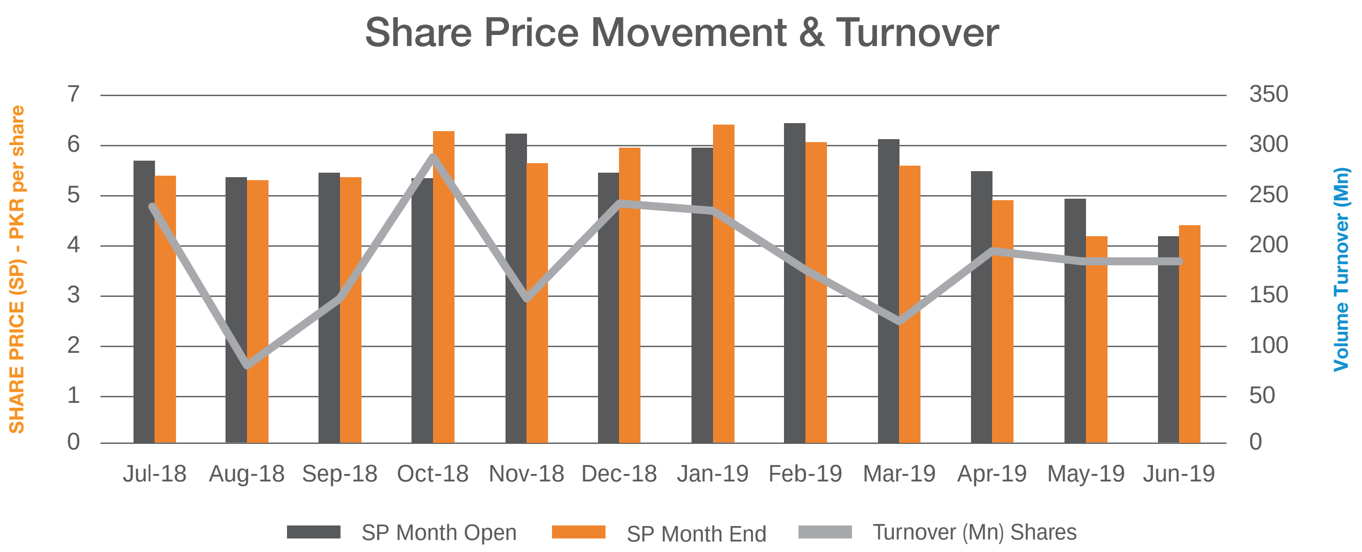
As of June 30, 2019

Categories of Shareholders	Number	Total Shares	%Age
Associated Companies, Undertakings and related parties AND / OR Shareholders holding five percent or more voting rights in the Company	-	-	-
KES Power Limited (Holding Company)	1	1 8,335,542,678	66.40
President of the Islamic Republic of Pakistan (GOP)	1	6,726,912,278	24.36
Mutual Funds			
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	6 ,750,000	0.02
CDC - TRUSTEE MEEZAN BALANCED FUND	1	22,522,000	0.08
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	1	160,000	0.00
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	650,648	0.00
CDC - TRUSTEE HBL ENERGY FUND	1	8 ,799,500	0.03
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	29,120,000	0.11
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	30,513,500	0.11
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	184,128,500	0.67
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	3 ,300,000	0.01
CDC - TRUSTEE AL - AMEEN SHARIAH STOCK FUND	1	8 ,969,736	0.03
CDC - TRUSTEE DAWOOD ISLAMIC FUND	1	172,500	0.00
CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFA FUND	1	6 ,759,000	0.02
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	5 ,716,040	0.02
CDC - TRUSTEE AL - AMEEN ISLAMIC ASSET ALLOCATION FUND	1	4 ,995,500	0.02
CDC - TRUSTEE AL - AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	1 ,885,000	0.01
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	4 ,673,775	0.02
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	4 ,951,500	0.02
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	8 ,546,764	0.03
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	670,500	0.00
CDC - TRUSTEE FAYSAL MTS FUND - MT	1	5 ,034,000	0.02
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	11,955,000	0.04
CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND	1	2 ,955,500	0.01
CDC - TRUSTEE MEEZAN ENERGY FUND	1	5 ,916,000	0.02
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	926,500	0.00
CDC - TRUSTEE FIRST HABIB INCOME FUND - MT	1	1 ,410,500	0.01
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	6 ,799,547	0.02
CDC - TRUSTEE MCB DCF INCOME FUND	1	357,500	0.00
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	1 ,005,000	0.00
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	100,000	0.00
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	548,500	0.00
CDC - TRUSTEE NIT INCOME FUND - MT	1	7,000	0.00
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	1 ,805,500	0.01
CDC - TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	10,961,500	0.04
CDC - TRUSTEE PICIC INVESTMENT FUND	1	5 ,772,000	0.02
CDC - TRUSTEE PICIC GROWTH FUND	1	11,110,500	0.04
CDC - TRUSTEE NBP BALANCED FUND	1	900,000	0.00
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	474,500	0.00
CDC - TRUSTEE HBL - STOCK FUND	1	5 ,230,000	0.02
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	253,000	0.00
MCFSL - TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	885,000	0.00
CDC - TRUSTEE NBP SARMAYA IZAFA FUND	1	1 ,550,000	0.01
CDC - TRUSTEE HBL ISLAMIC STOCK FUND	1	2 ,955,000	0.01
CDC - TRUSTEE HBL EQUITY FUND	1	616,000	0.00
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	442,000	0.00
CDC - TRUSTEE ASKARI EQUITY FUND	1	847,500	0.00
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	1	694,500	0.00
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	1 ,697,000	0.01
CDC - TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	100,000	0.00
CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	1	1 ,307,000	0.00
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	1	29,000	0.00
MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	1	750,000	0.00
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	140,953	0.00

CDC - TRUSTEE NAFA STOCK FUND	1	10,872,000	0.04
CDC - TRUSTEE APF - EQUITY SUB FUND	1	350,000	0.00
MCBFSL - TRUSTEE HBL ISLAMIC DEDICATED EQUITY FUND	1	270,000	0.00
CDC - TRUSTEE ABL STOCK FUND	1	4 ,500,000	0.02
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	2 ,000,000	0.01
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	1	220,000	0.00
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1	220,000	0.00
MCBFSL - TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	1 ,100,000	0.00
MCBFSL - TRUSTEE ABL ISLAMIC ASSET ALLOCATION FUND	1	500,000	0.00
CDC - TRUSTEE ALLIED FINERGY FUND	1	800,000	0.00
CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	1	528,500	0.00
CDC - TRUSTEE FIRST HABIB INCOME FUND	1	5,000	0.00
MC FSL - TRUSTEE JS - INCOME FUND	1	72,000	0.00
CDC - TRUSTEE UBL CAPITAL PROTECTED FUND-III	1	160,000	0.00
CDC - TRUSTEE ALFALAH CAPITAL PRESERVATION FUND II	1	43,000	0.00
Directors, CEO & their Spouse and Minor Children	1	500	0.00
Executives	2	5,100	0.00
Public Sector Companies and Corporations	15	57,894,112	0.21
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds			
Banks, Financial Institutions	31	235,074,041	0.85
Investment Companies	4	3,912	0.00
Insurance Companies	20	12,792,740	0.05
Joint Stock Companies	252	480,223,794	1.74
Modarabah Management Companies	3	19,001	0.00
Modarabas	14	2 ,670,835	0.01
Charitable Trusts	17	972,013	0.00
Leasing Companies	-	-	-
General Public - Local	24,021	1,161,623,375	4.21
Foreign Shareholders	94	109,863,753	0.40
Others	55	51,135,151	0.19
	24,598	**27,615,194,246**	**100.00**

SHARE PRICE SENSITIVITY ANALYSIS

KE's share price, likewise all listed companies, is impacted and governed through a host of internal and external factors. Internal factors primarily include relative improvement in operational and financial performance of the Company reflected through an objective comparison of key performance indicators and its translation into improved profitability and enhanced shareholders' value, investors' confidence through adequate return on investment and customers' satisfaction through high service standards, standards of corporate governance and adherence to best practices, competency and profile of Board of Directors & Key Management team, internal controls, business strategy and future business plans.



External factors that significantly impact Company's share price include:

* continuous fuel supply at economic rates;
* furnace oil to gas ratio (and price differential);
* timely tariff determination by NEPRA and its notification, taking into account the cost of doing business and adequate return on investment;
* settlement of the circular debt issue in a fair and equitable manner;
* timely settlement of tariff differential claims by the Government, and recovery of huge electricity arrears outstanding against government-related entities (KWSB in particular);
* the prevailing law and order situation in Karachi and Pakistan;
* interest rates and the PKR:USD exchange rate impact, financing costs and the debt profile of the Company;
* the overall national economic performance and continuity of government policies
* stock market dynamics and investor sentiment in the wake of national and international developments.

During the review year, 2.24 billion shares were traded at Pakistan Stock Exchange, however, the share price could not maintain parity with the index. The average price of Company shares, based on daily closing rates, was Rs. 5.45 while low / high share rates during FY 2019 was Rs. 3.54 (May 19) and Rs. 6.75 (Feb 19) per share respectively.

The concerted efforts, professional management, shareholders' support and effective business strategy are underway to restore operational and financial viability and excel the performance.

صارف مرکوزیت ایک بنیادی تنظیمی قدر رہی ہے اور کمپنی تکنیکی جدت طرازیوں کو متعارف کرانے میں مسلسل مصروف رہی ہے جو کہ صارفین کو قریب تر لاتی ہیں اور سیلف سروس سے متعلق مسئلوں کے حل کے قابل بناتی ہیں۔ صارف کی مرکوزیت پر توجہ دینے کے ساتھ، کے-الیکٹرک نے 'KE Live App' کا آغاز کیا ہے جو کہ صارفین کو 24/7 بلوں کی تفصیلات، بجلی کے استعمال کے پیٹرن اور بجلی کی صورتِ حال تک رسائی فراہم کرتا ہے۔ دیگر خصوصیات میں بجلی کی چوری رپورٹ کرنے اور شکایات درج کرانے کا عمل بھی شامل ہے۔ KE Live App کو 100,000 سے زائد مرتبہ ڈاؤن لوڈ کیا گیا ہے۔ یہ عمل صارفین کو 24/7 رسائی دینے کے کمپنی کے عزم کی تصدیق کرتا ہے۔

کمپنی کی متنوع حکمتِ عملی کے ایک حصے کے طور پر، انتظامیہ ایک زیرِ ملکیت سبسڈری انکارپوریٹ کر رہی ہے جو پاکستان میں انرجی سیکٹر میں مختلف اقدامات کے لئے کمپنی کا سرمایہ کاری میں دستِ راست بنے گا۔ ابتدائی طور پر، پروجیکٹس کے دائرہ کار میں قابلِ تجدید انرجی کے ضمن میں سرمایہ کاری شامل ہے جس کے لئے ماتحت کمپنی (سبسڈری) ذرائع تلاش کرے گی۔ ٹیکنالوجی کی گرتی ہوئی قیمتوں اور قابلِ تجدید انرجی جنریشن کے ٹیرف میں کمی کے ساتھ، کمپنی کا مقصد انرجی فیول مکس میں قابلِ تجدید کے شیئرز کا حصہ بڑھانا ہے۔ سبسڈری کا قیام صارفین کو صاف اور سستی بجلی کی فراہمی اور شیئر ہولڈرز کو قدر فراہم کرنے میں کار بند ثابت ہوگا۔

اگرچہ کمپنی پلان کردہ سرمایہ کاری کے لئے پُرعزم ہے جو کہ جدت طرازی اور تکنیکی ترقی کے ذریعے صارف مرکوزیت کے برتر درجات اور قابلِ اعتماد بجلی کی فراہمی کے وژن سے ہم آہنگ ہے، حکومت کے زیرِ ملکیت مختلف اداروں کے ذمے بڑھتی ہوئی قابلِ الوصول رقوم کمپنی کے لئے ایک اہم چیلنج ہے۔ ان اداروں کے ذمے مسلسل قابل الوصول رقوم میں اضافہ کمپنی کے کیش فلو پر منفی اثرات مرتب کرتا ہے اور نتیجتاً بروقت انداز میں پلان کردہ سرمایہ کاری کی اہلیت پر اثرانداز ہوتا ہے۔ اس ضمن میں کمپنی اپنے تمام اسٹیک ہولڈرز سے مسلسل رابطے میں ہے اور گردشی قرضے کے مسئلے کے ایک منصفانہ اور مناسب حل کے لئے کوشاں ہے۔

فروخت کے عمل میں تاخیر کے باعث پیش آنے والے چیلنجز:

اکتوبر 2016 میں SPA کے دستخط کے بعد سے تین سال سے زائد کا عرصہ گذر جانے کے باوجود، کے-الیکٹرک میں 66.4% حصے کے حصول کو مکمل کرنے کے لئے حکومت کی منظوری تا حال التواء کا شکار ہے اور اسی وجہ سے فروخت کا عمل پایہ تکمیل تک نہیں پہنچ سکا ہے۔ اس کے نتیجے میں SEP کے سرمایہ کاری کے پلان پر عمل درآمد کرنے میں تاخیر ہو رہی ہے جو کہ پاور ویلیو چین میں بہتری اور تکنیکی ترقی کے ساتھ بالآخر صارفین اور معیشت پر مثبت اثرات مرتب کرے گا۔ مزید براں، ٹرانزیکشن کی تکمیل میں غیر معمولی تاخیر ممکنہ طور پر غیر ملکی سرمایہ کاری اور نجی شعبے کی شرکت پر منفی اثرات مرتب کرے گی اور اس طرح پاور سیکٹر میں سرکاری اداروں کی مستقبل میں نجکاری کے لئے منفی مثال قائم ہوگی۔

حرفِ آخر

مختصراً یہ ہے کہ پاکستان کا واحد نجی اور مربوط بجلی فراہم کرنے والا ادارہ ہونے کے ناطے، کمپنی متعلقہ سرکاری، ریگولیٹری اور دوسرے اداروں کے ساتھ بجلی کے شعبے میں بڑے پیمانے پر سرمایہ کاری کے فروغ کو یقینی بنانے کے حوالے سے گفت وشنید میں مصروف ہے۔

تمام اسٹیک ہولڈرز کی جانب سے اجتماعی معاونت کی بدولت، کمپنی مستقبل کے لئے ایک مثبت منظر نامہ برقرار رکھے ہوئے ہے اور منافع بخش اور مستحکم ترقی کی جانب پیش قدمی کرتے ہوئے صارفین کے لئے سروس کی فراہمی کو بھی مزید مستحکم کرنے کے لئے پُرامید ہے۔

اظہارِ تشکر

بورڈ، حکومتِ پاکستان (GoP)، کمپنی کے شیئر ہولڈرز اور صارفین کی جانب سے ان کے تعاون اور معاونت کا تہہِ دل سے شکریہ ادا کرتا ہے اور کمپنی کے ملازمین کی کاوشوں کو سراہتا ہے۔

منجانب بورڈ

سید مونس عبداللہ علوی
چیف ایگزیکٹو آفیسر

خالد رفیع
ڈائریکٹر

کراچی: 09 اپریل 2020

مرض کے حالیہ پھیلاؤ سے پروجیکٹ ٹائم لائنز متاثر ہوسکتی ہیں، انتظامیہ اس صورتِ حال پر گہری نظر رکھے ہوئے ہے اور پلان کردہ ٹائم لائنز کے لئے پوری طرح پُرعزم ہے۔ مزید یہ کہ 900 MW BQPS-III پاور پلانٹ سے بجلی کے قابلِ اعتماد انخلاء کو یقینی بنانے کے لئے، سسٹم لوڈ فلو کا جائزہ لیا گیا ہے اور اس کے لئے ٹرانسمیشن پروجیکٹس میں لوڈ ڈیمانڈ کی ضروریات کے مطابق جغرافیہ کی بنیاد پر بیک وقت سرمایہ کاری کی جائے گی۔

اس کے علاوہ کے-الیکٹرک چائنا مشینری انجینیئرنگ کارپوریشن (CMEC) کے اشتراک سے پورٹ قاسم، کراچی میں اپنے پلان کردہ 700 MW کے کول پروجیکٹ پر تندہی سے کام کر رہا ہے۔ کے-الیکٹرک کا 700 MW کول پروجیکٹ نہ صرف توانائی میں طلب-رسد کے خسارے کو کم کرے گا بلکہ ساتھ ہی BQPS - I کے کم مؤثر یونٹس کو بتدریج ڈی کمیشننگ کرنے میں کے-الیکٹرک کی مدد کرے گا جو کہ مہنگے فرنیس آئل پر پیداوار دے رہے ہیں۔ اس طرح کے-الیکٹرک کا فیول مکس متنوع ہوگا اور قومی خزانے میں مادی بچت کا موجب ہوگا۔

نیپرا سے منظور شدہ ٹیرف کے ساتھ پلان کردہ 700 MW کول پروجیکٹ کے لئے زمین پہلے ہی حاصل کر لی گئی ہے۔ تاہم وزارتِ توانائی (پاور ڈویژن) سے ٹیرف کا نوٹیفکیشن زیرِ التوا ہے جو کہ 700 MW پروجیکٹ کے پلان کردہ کمرشل آپریشنز میں پہلے ہی تاخیر کی وجہ بن چکا ہے۔ تاہم کوئلے سے چلنے والے پاور پلانٹ کے لئے تقریباً 3 سال کی تعمیراتی مدت کے پیشِ نظر، ٹیرف کے نوٹیفکیشن میں مزید تاخیر پہلے سے تاخیر شدہ پروجیکٹ کی ٹائم لائنز اور بالآخر طلب-رسد کی صورتِ حال پر منفی اثرات مرتب کرے گی۔ اسی وجہ سے کمپنی اپنے 700 MW کول پروجیکٹ کے ٹیرف نوٹیفکیشن کے لئے بھرپور کوششوں میں مصروف ہے اور پروجیکٹ کی ٹائم لائن میں ہونے والی تاخیر پر غور وفکر کرتے ہوئے، کمپنی پیش بینی سے کام لیتے ہوئے بجلی کے طلب-رسد کے حوالے سے متبادل ذرائع کا بھی جائزہ لے رہی ہے۔

کے-الیکٹرک اپنے پلان کردہ پروجیکٹس بشمول RLNG کی بنیاد پر 900 MW پاور پلانٹ اور 700 MW Coal IPP کی تیز رفتاری سے تکمیل کے لئے پُرعزم ہے۔ اس کے ساتھ ساتھ کمپنی نیشنل گرڈ سے مع KANUPP II/III پروجیکٹس سے 500 MW اضافی بجلی کی فراہمی کے لئے اسٹیک ہولڈرز سے بات چیت کر رہی ہے جو کہ تکنیکی مطالعے اور ضروری منظوریوں سے مشروط ہے۔ اس حوالے سے بعداز تکنیکی مطالعہ اور مطلوبہ منظوریاں، 500 kV گرڈ اسٹیشنز کے قائم کرنے کی ابتدا کی جائے گی اور تکمیل کا متوقع عرصہ تقریباً 3 سال ہوگا۔ کے-الیکٹرک کو نیشنل گرڈ سے اضافی بجلی کی فراہمی، نیشنل گرڈ کی Idle Capacity کی مد میں کی جانے والی ادائیگیوں کے بوجھ کو کم کرنے میں بھی مدد کرے گی جو کہ گردشی قرضوں کے اہم عناصر میں سے ایک ہے۔

مذکورہ بالا کے علاوہ، فیول مکس کو متنوع بنانے کے مقصد کے تحت، کے-الیکٹرک ترسیلی نیٹ ورک میں اپ گریڈیشن کے کاموں کے ساتھ بلوچستان کے علاقہ میں 100 MW کے سولر انرجی اسٹیشن قائم کرنے کا ارادہ رکھتا ہے جو ریجن میں بجلی کی بہتر فراہمی میں اہمیت کا حامل ہوگا۔

مزید براں، کراچی کو لوڈ شیڈ فری اور بجلی کی چوری سے نمٹنے کے لئے کمپنی اپنی کوششیں تیز تر کر رہی ہے۔ اس سلسلے میں موجودہ زیادہ نقصان کے حامل PMTs کو ایریئل بنڈلڈ کیبل میں تبدیل کیا جا رہا ہے۔ اب تک تقریباً 8,000 PMTs کو ABC میں تبدیل کیا جا چکا ہے۔ اپنے اس وژن کی تکمیل میں، کے-الیکٹرک نے سربلندی پروجیکٹ کا آغاز بھی کیا ہے۔ یہ ایک پرچم بردار قدم ہے جس کا مقصد ان علاقوں کو ترقی دینا ہے جو کہ مستقل چوری اور ادائیگیوں میں نادہندگی کی وجہ سے لوڈ شیڈ سے مشروط ہیں۔ پروجیکٹ سربلندی کا مقصد محفوظ اور قابلِ اعتماد بجلی فراہم کرنے کے لئے نیٹ ورک میں استحکام، ABC کی مکمل تنصیب کے ذریعے نیٹ ورک کی صلاحیت میں اضافہ، بجلی کی چوری کا خاتمہ اور کمیونٹی کے ساتھ روابط کی سرگرمیوں کے ذریعے ان علاقوں کو ترقی دینا ہے۔ اب تک کی گئی سرمایہ کاری مؤثر گورنینس میکانزم کے ساتھ شریکِ کار ہو کر نقصان میں کمی اور ان مستقل نادہندہ علاقوں سے وصولیوں کی بہتری میں مدد کرے گی جس سے کراچی کو لوڈ شیڈ فری کرنے کے وژن کو حقیقت میں حاصل کیا جا سکے گا۔

مزید براں، نیٹ ورک کی کارکردگی کو بہتر کرنے اور کے-الیکٹرک کو اپنے ڈسٹری بیوشن نیٹ ورک میں ہدف متعین سرمایہ کاری کے قابل بنانے کے لئے، کمپنی نے تکنیکی ترقی کی ہے جس میں PMT کی سطح پر آٹو میٹڈ میٹر ریڈرز (AMRs) کی تنصیب اور میٹر ڈیٹا مینجمنٹ سسٹم (MDMS) پروجیکٹ پر عمل درآمد شامل ہے جو زیادہ بجلی استعمال کرنے والے صارفین کی بلنگ اور نیٹ ورک گورننس کو حقیقی وقت کی بنیاد پر بہتر کریں گے جس کے نتیجے میں بجلی فراہم کرنے کی بھروسہ مندی میں نمایاں بہتری آئے گی۔

نیز، پچھلے سالوں کی طرح، کمپنی اپنے تمام آپریشنز میں حفاظت کو ترجیح دینے کا عمل جاری رکھے ہوئے ہے اور اپنے ملازمین، انفرااسٹرکچر اور صارفین کی حفاظت کو یقینی بنانے کے لئے اپنے عہد پر قائم ہے۔ نیٹ ورک کی حفاظت میں اضافے کے لئے ایک تفصیلی روڈ میپ تیار کیا گیا ہے جس میں نیٹ ورک کی گراؤنڈنگ اور ارتھنگ کی توثیق اور حفاظتی آلات کی اپ گریڈیشن کے اقدامات شامل ہیں۔ اس کے علاوہ، کمپنی تمام اسٹیک ہولڈرز بشمول پالیسی سازوں، انتظامی اداروں اور ریگولیٹری اداروں کے ساتھ مسلسل رابطے میں رہتی ہے تاکہ ان چیلنجز کو اجاگر کیا جا سکے جو کہ کراچی کے ایک نمایاں حصے میں مناسب منصوبہ بندی نہ ہونے کے سبب سامنے آئے ہیں جس نے یوٹیلیٹی کے انفرااسٹرکچر کی سالمیت کو متاثر کیا ہے۔ مزید براں، کمپنی تمام متعلقہ اداروں سے اپیل کرتی ہے کہ پورے شہر میں ایک منصوبہ بندی سے بنیادی شہری ترقیاتی پروٹوکول کا نفاذ کر کے بجلی کی افادیت کے لئے فعال ماحول کو یقینی بنانے میں اپنا بھرپور کردار ادا کریں۔

1. اکرام المجید سہگل
2. سید مونس عبداللہ علوی
3. خالد رفیع
4. ادیب احمد
5. چوہدری خاقان سعداللہ خان
6. ڈاکٹر احمد مجتبیٰ میمن
7. مبشر ایچ شیخ
8. محمد عابد لاکھانی
9. نیر حسین
10. روحیل محمد
11. ریاض ایس اے اے ادریس
12. شان اے اشعری
13. وسیم مختار

بعدازاں جناب نیر حسین اور جناب اکرام المجید سہگل نے کمپنی کے ڈائریکٹر کے عہدے سے بالترتیب 18 ستمبر 2019 اور 6 نومبر 2019 کو استعفیٰ دے دیا جبکہ جناب جمیل اکبر اور جناب سید اسد علی شاہ نے بورڈ کی خالی آسامیوں کو بالترتیب 25 ستمبر 2019 اور 27 جنوری 2020 کو پُر کیا۔ جناب ریاض ایس اے اے ادریس کو 9 اپریل 2020 کو بطور چیئرمین منتخب کیا گیا۔

بورڈ، سبکدوش ہونے والے ڈائریکٹرز کی خدمات پر انہیں خراجِ تحسین پیش کرتا ہے اور نئے آنے والے ڈائریکٹرز کو خوش آمدید کہتا ہے۔

آڈیٹرز

بطور قانونی جوائنٹ آڈیٹرز A.F. Ferguson & Co. اور BDO Ebrahim & Co. اپنی میعاد مکمل کر چکے ہیں، اور اہل ہونے کے ناطے، خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ BAC نے مالی سال 2020 کے لئے A.F. Ferguson & Co. کو کمپنی کے قانونی آڈیٹرز کے طور پر ان کی دوبارہ تقرری کی تجویز پیش کی ہے۔

شنگھائی الیکٹرک پاور کی جانب سے خریداری کا عمل

اکتوبر 2016 میں، شنگھائی الیکٹرک پاور (SEP) نے کمپنی میں 66.4 فیصد تک شیئرز حاصل کرنے کے لئے KES پاور لمیٹڈ (ہولڈنگ کمپنی) سے خرید و فروخت (SPA) کا معاہدہ کیا اور ٹرانزیکشن کی تکمیل کا انحصار مجوزہ اطلاقی منظوریوں کے حصول اور دیگر شرائط کی تعمیل سے مشروط ہے۔

مطلوبہ منظوریوں میں تاخیر اور 3 سال سے زائد کا عرصہ گذر جانے کے باوجود، اس اسٹرٹیجک سرمایہ کار نے اپنی بھرپور دلچسپی کا اظہار کیا ہے۔ مکمل پاور ویلیو چین کی ضروریات کو پورا کرنے والے سرمایہ کاری کے ایک جارحانہ منصوبے کے ساتھ، کمپنی میں SEP کا کنٹرولنگ حصے کا حصول بجلی کی رواں فراہمی کے لئے بین الاقوامی معیار کے ساتھ کراچی کے پاور انفرااسٹرکچر کو یکسر تبدیل کرنے میں بنیادی عنصر ثابت ہوگا۔ اسی مناسبت سے کے-الیکٹرک کے 3 بلین امریکن ڈالرز کے پلان کردہ اقدامات کے ساتھ SEP کی جارحانہ سرمایہ کاری، کے-الیکٹرک کے صارفین اور کراچی پر زیادہ سے زیادہ مثبت اثرات مرتب کرے گی جس سے کراچی اور پاکستان کی ترقی کے ساتھ پاور سیکٹر میں بڑے پیمانے پر ایک مثال قائم ہوگی۔

قابلِ تجدید توانائی اور دیگر پروجیکٹس کے قیام کے لئے ایک پرائیوٹ لمیٹڈ کمپنی کی ان کارپوریشن

سال کے اختتام کے بعد، کمپنی کے بورڈ آف ڈائریکٹرز نے 28 فروری 2020 کو منعقدہ اجلاس میں قابلِ تجدید توانائی اور دیگر پروجیکٹس کو شروع کرنے کی اصولی منظوری دی اور اس مقصد کے لئے ایک پرائیوٹ کمپنی کو انکارپوریٹ کرنے کا فیصلہ کیا جو کہ کے-الیکٹرک لمیٹڈ کی سبسڈری ہوگی جس کا قیام قانونی و دیگر مطلوبہ منظوری اور کارروائیوں کی تکمیل سے مشروط ہوگا۔

مستقبل کا جائزہ

کے-الیکٹرک ایک متحرک و فعال ادارہ ہے جو ترقی و وسعت پانے کے لئے اپنی جانبازی اور ثابت قدمی کا مظاہرہ کرنے کے ساتھ ساتھ 1913 میں اپنے آغاز سے لے کر 106 سالہ طویل سفر میں کئی چیلنجز کا کامیابی سے سامنا کر چکا ہے۔ اپنے تمام صارفین کو محفوظ، قابلِ اعتماد اور بلاتعطل بجلی فراہم کرنے کے اپنے وژن پر قائم، کمپنی کے پلان کردہ اقدامات چار سال کے عرصے میں ویلیو چین میں تقریباً 3 بلین امریکن ڈالرز کی سرمایہ کاری کے حامل ہیں۔ اس کے نتیجے میں کمپنی توانائی میں خودکفیل ہوجائے گی اور کراچی و نتیجتاً پاکستان کی معاشی-اقتصادی ترقی میں اہم کردار ادا کرے گی۔

جنریشن کے محاذ پر، کے-الیکٹرک نے BQPS - I کے کم موثر اور کم قابلِ اعتماد یونٹس 3 اور 4 کی نتیجتاً ڈی کمیشننگ کے ساتھ تیز رفتاری سے 900 MW BQPS-III پاور پلانٹ کی تعمیر کو اپنا ہدف رکھا ہے۔ 900 MW پلانٹ کے پہلے یونٹ کو 2021 کے موسمِ گرما میں آن لائن کرنے کا منصوبہ بنایا گیا ہے اور اس پروجیکٹ کی مکمل تکمیل 2021 کیلئے شیڈول کی گئی ہے۔ اس حوالے سے، جبکہ COVID-19 وبائی

b) مالی سال کے دوران کمپنی کی بنیادی کاروباری سرگرمیوں اور ترقی و کارکردگی کا احاطہ ڈائریکٹرز رپورٹ میں کیا گیا ہے۔

c) اہم کاروباری رسک اور غیر یقینی صورتِ حال کو "Governance & Compliance" سیکشن کے تحت, "Major Business Risks and their Mitigation" میں تفصیل سے بیان کیا گیا ہے۔

d) مالی سال کے دوران کمپنی یا اس کے ذیلی اداروں یا کمپنی کے مفاد کی حامل کسی اور کمپنی کے کاروبار کی نوعیت میں کوئی تبدیلی واقع نہیں ہوئی ہے۔

e) آڈیٹرز رپورٹ میں تبدیلی کے حوالے سے کوئی مواد نہیں۔

f) شیئر ہولڈنگ کی ساخت اور شیئر ہولڈرز کی کیٹگریز کو "شیئر ہولڈرز کی معلومات" کے سیکشن میں بیان کیا گیا ہے۔

g) کیمین آئی لینڈز میں قائم شدہ، KES پاور لمیٹڈ کے۔الیکٹرک کی ہولڈنگ کمپنی ہے۔

h) آمدن فی حصص (EPS) برائے اختتام سال 30 جون 2019 کو 0.63 روپے (بیسک/ڈیلیوٹڈ) ہے۔

i) کمپنی نے زیرِ جائزہ سال کے دوران منافع حاصل کیا۔

j) زیرِ جائزہ سال کے دوران کسی بھی قرضے کی ادائیگی میں نادہندگی کے معاملات پیش نہیں آئے۔

k) ایک مستحکم مالیاتی کنٹرول سسٹم موجود ہے اور بورڈ فنانس کمیٹی (BFC) کی جانب سے اس کی باقاعدہ نگرانی کی جاتی ہے اور بورڈ آف ڈائریکٹرز کو رپورٹ پیش کی جاتی ہے۔

l) کاروباری عہدناموں کی تفصیلات مالی گوشواروں کے نوٹ 30.3 میں دستیاب ہے۔

m) مستقبل کی پیش رفت، کارکردگی اور کمپنی کے کاروبار کی پوزیشن پر ممکنہ طور پر اثر انداز ہونے والے بنیادی رجحانات اور عوامل کو "مستقبل کا جائزہ" میں بیان کیا گیا ہے۔

n) نمایاں کاروباری منصوبوں اور فیصلوں اور ماحول پر اثرات کا احاطہ "عمل داری اور تعمیل" کے سیکشن میں، "ماحولیاتی، سماجی، عملداری اور مستحکم پذیری کی مینجمنٹ" کے تحت کیا گیا ہے۔

o) زیرِ جائزہ سال کے دوران کمپنی کی جانب سے کاروباری و سماجی ذمہ داری کے حوالے سے انجام دی جانے والی سرگرمیوں پر ایک رپورٹ کو "Governance & Compliance" سیکشن میں بیان کیا گیا ہے۔

بورڈ آف ڈائریکٹرز (BOD)

زیرِ جائزہ مدت اور بعداز مدت، بورڈ میں درجِ ذیل تبدیلیاں رونما ہوئیں:

جائزے کی میعاد کے دوران

1. GoP کے امیدوار جناب عامر احمد کی جگہ 14 دسمبر 2018 کو حسن ناصر جامی نے سنبھالی۔
2. جناب طیب ترین نے ڈائریکٹر/چیئر مین کے عہدے سے استعفیٰ دے دیا اور اکرام المجید سہگل 18 جنوری 2019 سے بطور چیئر مین منتخب ہوئے۔
3. جناب عمر خان لودھی اور جناب فریڈرک سائیکر نے 8 فروری 2019 کو ڈائریکٹر کے عہدے سے استعفیٰ دے دیا۔
4. جناب سید محمد اختر زیدی کا تقرر 15 اپریل 2019 کو خالی آسامی پر کیا گیا۔
5. GoP کے امیدوار جناب حسن ناصر جامی نے 13 فروری 2019 تک بطور ڈائریکٹر ذمہ داریاں نبھائیں، جس کے بعد 15 اپریل 2019 کو ان کے متبادل کے طور پر جناب وسیم مختار نے یہ عہدہ سنبھالا۔
6. جناب عزیز مولجی نے 6 مئی 2019 کو کمپنی کے ڈائریکٹر کے عہدے سے استعفیٰ دے دیا۔

بعداز بیلنس شیٹ کی تاریخ

7. جناب ادیب احمد کا تقرر بطور ڈائریکٹر 4 جولائی 2019 کو خالی آسامی پر کیا گیا۔
8. جناب سید محمد اختر زیدی نے 29 جولائی 2019 کو ڈائریکٹر کے عہدے سے استعفیٰ دے دیا۔
9. جناب محمد زبیر موتی والا 30 جولائی 2019 کو ڈائریکٹر کے عہدے سے ریٹائر ہو گئے۔

ڈائریکٹرز کے انتخابات 30 جولائی 2019 کو AGM کے موقع پر منعقد ہوئے جس میں درجِ ذیل ڈائریکٹرز منتخب/دوبارہ منتخب ہوئے:

بجلی کی فراہمی کے لئے پُرعزم ہے جس سے کراچی اوراس کے اِردگرد کے علاقوں کے رہائشیوں کی زندگیوں میں بہتری آئے گی۔

سالانہ اجلاسِ عام (AGM) برائے سال 2019

AGM کے انعقاد میں تاخیر کی وجہ کمپنی کے پاس مالی سال 2019 کے لئے آڈٹ شدہ مالی گوشواروں کی عدم موجودگی تھی جسے مالی سال 2018 کے مالی گوشواروں کے اختتامی نمبروں کی بنیاد پر تیار کیا جاسکتا تھا۔ مالی سال 2018 کے مالی گوشواروں کو شیئر ہولڈرز نے 4 نومبر 2019 کو منعقدہ AGM میں منظور کیا اور بعد ازاں مالی سال 2019 کے مالی گوشواروں کی حتمی شکل اور آڈٹ طریقہ کار کو تیز تر کر دیا گیا اور آڈیٹرز کی تصدیق کے بعد، کمپنی نے سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے زیادہ سے زیادہ مورخہ 15 مئی 2020 تک AGM برائے مالی سال 2019 کے انعقاد کے لئے درخواست جمع کروادی۔ تاہم SECP نے 2 جنوری 2020 کو کمپنی کو ہدایت جاری کی کہ وہ زیادہ سے زیادہ مورخہ 15 اپریل 2020 تک مالی سال 2019 کے لئے AGM کا انعقاد کرے۔ آڈیٹرز کے تعاون کے ساتھ مرکوز کوششیں کی گئیں تاکہ مقررہ وقت میں مالی سال 2019 کی AGM منعقد کی جاسکے اور اس سلسلے میں مینجمنٹ ٹیم اور آڈیٹرز نے انتھک محنت کی اور اسے جلد از جلد پایہ تکمیل تک پہنچانے کے لئے اضافی وسائل کو بھی بروئے کار لائے۔ تاہم بہترین کوششوں کے باوجود، فروری 2020 تک آڈٹ کا عمل مکمل نہ ہوسکا اور آڈٹ شدہ مالی گوشوارے کمپنی کو 18 مارچ 2020 کو فراہم کئے گئے۔

اسی مناسبت سے کمپنی کے بورڈ کا اجلاس 26 مارچ 2020 کو فوری طور پر شیڈول کیا گیا تھا۔ تاہم COVID-19 (کورونا وائرس) کے خطرے کے پیشِ نظر بورڈ کا اجلاس دو ہفتوں کے لئے ملتوی کر دیا گیا جس کے ساتھ ہی SECP سے درخواست کی گئی کہ جون 2020 کے پہلے ہفتے میں AGM برائے مالی سال 2019 کے لئے نئی ہدایت جاری کی جائے۔ بورڈ کا اجلاس 9 اپریل 2020 کو منعقد ہوا جس میں بورڈ آف ڈائریکٹرز نے 30 جون 2019 کو اختتام پذیر ہونے والے سال کے مالی گوشواروں کا جائزہ لیا اور اس کی منظوری دی۔ SECP کی منظوری سے مشروط یہ مالی گوشوارے 3 جون 2020 کو منعقد ہونے والی AGM میں شیئر ہولڈرز کی منظوری کے لئے پیش کئے جائیں گے۔

آڈیٹرز کا تبصرہ/جائزہ

آڈیٹرز کی جانب سے ممبران کو اپنی رپورٹ میں دیئے جانے والے تبصرے/جائزے کے حوالے سے مطلع کیا جاتا ہے کہ:

مالی گوشواروں کے نوٹ 30.1.1 میں دی گئی وضاحت کے مطابق، تاخیر سے ادائیگی کے سرچارج/سود (Interest) کا معاملہ، بغیر کسی تاخیری ادائیگی سرچارج/سود واجبات اور ادائیگیوں کے یکساں برتاؤ کے ساتھ صافی (Net) بنیادوں پر طے کیا جائے گا اور اس حوالے سے حاصل کی جانے والی قانونی آراء، کمپنی کے بیان کی باضابطہ معاونت کرتی ہیں۔ ہر چند یہ کہ کمپنی نے احتیاطی طور پر صافی (Net) بنیادوں پر پُروویژن کر رکھا ہے۔

فہرست میں درج کمپنیز (Code of Corporate Governance) ریگولیشنز، 2017 کے ساتھ تعمیل

(a	ڈائریکٹرز کی کُل تعداد	13
a.	خواتین	کوئی نہیں
b.	مرد	13
	تشکیلی ساخت	
i.	خود مختار ڈائریکٹر	1
ii.	دیگر نان ایگزیکٹیو ڈائریکٹرز	11
iii.	ایگزیکٹیو ڈائریکٹر(ز)	1

(b بورڈ کمیٹیوں کے ممبران کے نام اس سالانہ رپورٹ کے سیکشن "کمپنی پروفائل" کے تحت "کمپنی کی معلومات" میں دیئے گئے ہیں۔

(c ڈائریکٹرز کے مشاہرے کے لئے کمپنیز ایکٹ، 2017 اور CCG، 2017 کے مطابق بورڈ آف ڈائریکٹرز ایک باقاعدہ اور شفاف پالیسی رکھتا ہے۔

(d مشاہرے کی مجموعی رقم، ایگزیکٹیو اور نان ایگزیکٹیو ڈائریکٹرز کے لئے علیحدہ، بشمول تنخواہ/فیس، مراعات، اور کارکردگی کی بنیاد پر دی جانے والی مراعات وغیرہ کی تفصیلات مالی گوشواروں کے نوٹ 43 میں موجود ہیں۔

کمپنیز ایکٹ، 2017 کی تعمیل

مالی گوشوارے کمپنی کے کاروباری معاملات اور اس کے حالات، کاروباری سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کا منصفانہ جائزہ لیتے ہیں۔ کمپنی نے دوبارہ سرمایہ کاری کے تقاضوں اور مخصوص قرض دہندگان کے منصوبوں کے باعث، ڈیویڈنڈ / بونس شیئرز کا اعلان نہیں کیا ہے۔

(a وہ افراد جو مالی سال کے دوران کبھی بھی کمپنی کے ڈائریکٹرز رہے ہوں، ان کے نام "Statement of Compliance with CCG" میں دیئے گئے ہیں۔

مزید براں، مارچ 2020 میں MYT میں شامل مڈٹرم ریویومیکانزم کی بنیاد پر، کمپنی نے ٹیرف میں ایڈجسٹمنٹ کے لئے اپنی درخواست دائر کی (i) اجازت شدہ ریٹرن آن ایکویٹی (RoE) جُز پر ایکسچینج ریٹ میں تبدیلی کا اثر، (ii) آپریشنل ڈائنامکس، خدمت کی ضروریات اور تخمینہ شدہ اسکوپ میں نظرِ ثانی کے ساتھ سرمایہ کاری پر روپے کی قدر میں کمی کا اثر، (iii) کنٹرول سے باہر کمپنی کے ورکنگ کیپٹل کی ضروریات کا اثر، اور (iv) دیگر عوامل بشمول KIBOR اور LIBOR ریٹس اور نیپرا کی جانب سے طے کردہ تقسیم ہونے والے یونٹس میں اضافے کی شرح پر نظرِ ثانی شامل ہے۔

یہ بات غور کرنے کے لئے اہم ہے کہ ٹیرف کو حتمی شکل دینے کے وقت سے، جہاں خدمت کی ضروریات اور آپریشنل صورتِ حال میں تبدیلیاں سامنے آئیں وہیں روپے کی قدر میں نمایاں کمی واقع ہوئی ہے۔ نیشنل گرڈ سے اضافی سپلائی کے لئے 500 kV گرڈ اسٹیشنز قائم کرنے کی ضرورت اور 2019 کی مون سون بارشوں سے حاصل شدہ تجربات کی بنیاد پر پلان کردہ سرمایہ کاری میں نظرِ ثانی کی ضرورت بھی شامل ہے۔ مزید براں، حکومت کے اداروں کے ذمے بڑھتی ہوئی قابل الوصول رقوم ورکنگ کیپٹل کی ضروریات میں نمایاں اضافے کی وجہ بنی ہیں جو کمپنی کے کنٹرول سے باہر ہیں۔ لہٰذا کمپنی توقع کرتی ہے کہ ٹیرف میں ضروری ایڈجسٹمنٹ کی اجازت دے دی جائے گی جس سے کمپنی کو پاور ویلیو چین میں مطلوبہ سرمایہ کاری کرنے میں مدد ملے گی۔

نیٹ ورک کی حفاظت اور تحفظ کو بڑھانے کے لئے اقدامات

2019 کی مون سون بارش سے حاصل ہونے والے تجربات کے پیشِ نظر، کمپنی نے ارتھنگ اور گراؤنڈنگ کے لئے حفاظتی طریقہ کار اور مشقوں کا دوبارہ جائزہ لیا جس سے ارتھنگ اور گراؤنڈنگ کی چوری کو ختم کیا جا سکے۔ اس کے علاوہ کمپنی ارتھنگ اور گراؤنڈنگ کے نیٹ ورک کی دوبارہ توثیق پر بھی مصروفِ کار ہے جس میں سسٹم میں ٹیگنگ کے ساتھ کے-الیکٹرک سسٹم میں موجود ہر ایک پول کی جانچ پڑتال کی جا رہی ہے۔

نیپرا کی جانب سے عائد جرمانے کے حوالے سے، کمپنی نے ایک تفصیلی ریویو دائر کیا ہے جس میں بتایا گیا ہے کہ زیادہ تر افسوس ناک واقعات بجلی کے آلات کے غیر محفوظ استعمال، غیر قانونی طور پر ہُک کے ذریعے لئے گئے کنکشنز اور بجلی کے پولز پر ٹی وی اور انٹرنیٹ کیبلز کی وجہ سے پیش آئے۔

مزید یہ کہ کمپنی نے کیبل آپریٹرز ایسوسی ایشن آف پاکستان اور پاکستان ٹیلی کمیونیکشن ایکسس پرووائیڈر ایسوسی ایشن (PTAPA) کے خلاف معزز سندھ ہائی کورٹ میں ایک آئینی درخواست دائر کی ہے اور ان غیر قانونی کیبلز کو اپنے نیٹ ورک سے ہٹانے کے لئے متعلقہ اتھارٹیز سے مسلسل رابطے میں ہے۔

اس بات کا ذکر انتہائی اہم ہے کہ زمینی حقائق اور آپریشنل چیلنجز مع کیبل اور انٹرنیٹ آپریٹرز کی جانب سے بجلی کے پولز کے غیر قانونی استعمال کو تسلیم کرتے ہوئے، نیپرا نے مشاورتی اجلاس منعقد کئے ہیں جس میں کمپنی نے ملک بھر میں ڈسٹری بیوشن نیٹ ورک کی مجموعی حفاظت کے لئے اپنی تجاویز اور عوام میں بڑے پیمانے پر آگاہی کو اجاگر کرنے کے لئے اپنی سفارشات پیش کی ہیں۔

مزید براں، اگلے مون سون سیزن کی تیاری کے سلسلے میں، کمپنی نے ایک منظّم اور تفصیلی سیفٹی پلان تیار کیا ہے جس میں پروٹیکشن سسٹم کی اپ گریڈیشن، کھلے Conductors کی ABC میں تبدیلی، HT اور LT نیٹ ورک پر چوری شدہ گراؤنڈنگ کی بحالی، Public Accident Prevention Plan (PAPP) اور دیگر متعلقہ پروجیکٹس کے ساتھ بڑے پیمانے پر عوام آگاہی کی کئی مہم شامل ہیں۔

اگرچہ کے-الیکٹرک اپنے صارفین کو محفوظ اور قابلِ اعتماد بجلی کی فراہمی کو یقینی بنانے کے لئے پُر عزم ہے اور اس حوالے سے تمام ضروری اقدامات کر رہا ہے، متعلقہ اتھارٹیز کی جانب سے بیرونی عوامل مع ارتھنگ اور گراؤنڈنگ سامان کی چوری اور کے-الیکٹرک کے نیٹ ورک کے غیر محفوظ استعمال سے نمٹنے کے لئے تعاون انتہائی اہمیت کا حامل ہے۔

کورونا وائرس (COVID-19)-ایک عالمی وبائی مرض

ورلڈ ہیلتھ آرگنائزیشن (WHO) نے 11 مارچ 2020 کو COVID-19 کو عالمی وبائی مرض قرار دے دیا۔ کراچی میں اپنے اہم کردار کے پیشِ نظر، کمپنی آپریشنز کو رواں اور قابلِ اعتماد رکھنے کے لئے اپنی تمام تر کوششیں بروئے کار لائی اور ساتھ ہی ساتھ بلوں کی تاریخ میں توسیع اور لوڈ شیڈ سے استثنیٰ کے ساتھ صارفین کو زیادہ سے زیادہ ریلیف کو یقینی بنایا ہے۔ مزید براں، اپنے صارفین اور ملازمین کی حفاظت کو یقینی بنانے کے لئے، کمپنی نے باہمی انسانی روابط کو کم کرنے کے لئے اقدامات کئے، جبکہ اس بات کو بھی یقینی بنایا گیا کہ صارفین سے مختلف ذرائع جیسے 118 کال سینٹر، KE Live اور سوشل میڈیا کے ذریعے قابلِ رسائی رہا جائے۔

تاہم ملک اور کراچی شہر میں کیسز کی بڑھتی ہوئی تعداد کے پیشِ نظر اور وائرس سے نمٹنے کے لئے، صوبائی اور وفاقی حکومتوں نے شہر میں لاک ڈاؤن سمیت مختلف اقدامات کئے۔ مزید براں، صوبائی اور وفاقی حکومتوں نے بعض صارفین کو ریلیف دینے کا بھی اعلان کیا جس سے کمپنی کے کیش فلوز پر منفی اثرات مرتب ہوں گے۔ کمپنی نے صوبائی اور وفاقی حکومتوں سے کے-الیکٹرک کی زیرِ التوا قابل الوصول رقوم کی ادائیگی کی درخواست کی ہے، اور اس حوالے سے ECC نے قابلِ الوصول TDC میں سے 26 بلین روپے تک جاری کرنے کی منظوری دے دی ہے۔ یہ عمل، جبکہ صارفین سے ادائیگی طویل مدت میں ہوگی، کمپنی کے لئے فیول سپلائرز اور IPPs کو ادائیگی جاری رکھنے میں مددگار ثابت ہوگا۔

اگرچہ کمپنی کے آپریشنل اور مالی حالات پر COVID-19 کے اثرات آنے والے مہینوں میں ظاہر ہونا شروع ہوں گے جس میں پلان کردہ پروجیکٹس کی ٹائم لائن میں تاخیر شامل ہے، کے-الیکٹرک محفوظ اور قابلِ اعتماد

سکیورڈ، ریٹڈ اینڈ لسٹڈ صکوک

کمپنی 25 بلین روپے (بشمول 5 بلین روپے کے گرین شو آپشن) کے سکیورڈ، ریٹڈ اینڈ لسٹڈ صکوک جاری کرنے کی تیاری میں ہے جو پاکستان کے نجی شعبے میں اب تک کے سب سے بڑے درج شدہ صکوک ہوں گے۔ 23.7 بلین روپے کی حامل پری۔آئی پی او سبسکرپشن کو کامیابی سے نجی پلیسمنٹ کے ذریعے کیا گیا ہے جبکہ بقیہ حصے کو آئی پی او پلیسمنٹ کے ذریعے عوام الناس کے لئے پیش کردیا جائے گا جو کہ مالی سال 2020 کے Q4 میں متوقع ہے۔

اسلامک کمرشل پیپر

کمپنی نے Q1 مالی سال 2020 میں اپنے ورکنگ کیپٹل کی ضروریات کو پورا کرنے کے لئے 6 ماہ کے 2 نجی طور پر مختص اسلامک کمرشل پیپر کے اجراء کے ذریعے کیپٹل مارکیٹ سے کُل 16.3 بلین روپے جمع کئے۔

900MW کے حامل BQPS-III پروجیکٹ کے لئے فنانسنگ

کمپنی تیز رفتار بنیادوں پر 650 ملین امریکن ڈالرز سے زائد کے 900 MW BQPS-III پروجیکٹ پر مصروفِ کار ہے۔اس پروجیکٹ کی فنانسنگ مقامی اور غیر ملکی قرضوں سے ملا کر کی جارہی ہے۔ایک حالیہ پیش رفت میں، جرمن ایکسپورٹ کریڈٹ ایجنسی (ECA)، Euler Hermes نے پروجیکٹ کے جرمن جزو کی فنانسنگ کے لئے ECA انشورنس فراہم کرنے کی منظوری دی ہے جبکہ پروجیکٹ کے بروقت Financial Close کو یقینی بنانے کے لئے Chinese ECA Sinosure اور مقامی و غیر ملکی بینکوں سے گفت وشنید جاری ہے۔

حکومتی اداروں اور ڈیپارٹمنٹس کی بڑھتی ہوئی قابل الوصول رقوم

بجلی کے شعبے میں گردشی قرضوں میں اضافے کا سلسلہ جاری ہے جس کے باعث معاشی استحکام خطرات سے دوچار ہوسکتا ہے۔اس ضمن میں مختلف حکومتی اداروں اور ڈیپارٹمنٹس سے کے ای کی قابلِ الوصول رقوم میں مسلسل اضافہ، کمپنی کی ورکنگ کیپٹل کی صورتِ حال کے لئے باعثِ تشویش بنا ہوا ہے۔

فروری 2020 تک، مختلف وفاقی اور صوبائی سرکاری شعبے کے اداروں پر کے-الیکٹرک کے اصولی بنیادوں پر صافی (Net) قابلِ الوصول تقریباً 102 بلین روپے ہیں۔ یہاں یہ بتانا بھی انتہائی ضروری ہے کہ SSGC اور NTDC / CPPA کی جانب سے کلیم کردہ رقم متنازعہ مارک اپ کو شامل کرنے کے بعد مجموعی طور پر کہیں زیادہ ظاہر کی گئی ہیں جسے معزز عدالت میں چیلنج کیا جاچکا ہے اور یہ تاحال زیرِ سماعت ہے۔

مزید یہ کہ پبلک سیکٹر کے اداروں کے ذمے قابلِ الوصول واجبات میں، کچھ صارفین بشمول کراچی واٹر اینڈ سیوریج بورڈ (KWSB) اسٹریٹجک نوعیت کے حامل ہیں۔KWSB کے ذمے جمع شدہ قابلِ الوصول واجبات کے باوجود، معزز سندھ ہائی کورٹ کے حکم اور حکومتِ سندھ کے KWSB کے موجودہ بلوں کی ادائیگی کے وعدے اور KWSB کی اسٹریٹجک اہمیت کے پیشِ نظر، کمپنی نے KWSB کے تمام اسٹریٹجک پمپنگ اسٹیشنز کو ترجیح دیتے ہوئے بجلی کی بلاتعطل فراہمی جاری رکھی ہے۔

مزید براں، حکومتی اداروں اور ڈیپارٹمنٹس کی مسلسل بڑھتی ہوئی قابلِ الوصول رقوم کے باوجود، کمپنی اپنے اہم سپلائرز مع SSGC اور PSO کو ماہانہ بلوں کی ادائیگی کو یقینی بناتی ہے تاکہ کاروباری آپریشنز کا تسلسل یقینی رہے۔ یہاں یہ بات قابلِ ذکر ہے کہ اگر یہ ادائیگیاں نہیں کی جاتیں تو بجلی کی طلب اور رسد کی صورتِ حال پر منفی اثرات مرتب ہوں گے جس کے نتیجے میں بالآخر لوڈ شیڈ میں اضافہ ہوگا۔تاہم یہ ادائیگیاں کمپنی کی آپریشنل اور ورکنگ کیپٹل کی ضروریات کو پورا کرنے کے لئے بڑھتے ہوئے قرضوں کے ذریعے ممکن بنائی گئی ہیں۔

GoP کی جانب سے مسلسل بڑھتے ہوئے قابلِ الوصول TDC اور کمپنی کی کیش فلو پوزیشن پر اس کے نتیجے میں ہونے والے منفی اثرات پر غور کرتے ہوئے، اقتصادی رابطہ کمیٹی (ECC) نے TDC کے ذمے قابلِ الوصول رقوم میں سے 26 بلین روپے ادا کرنے کی منظوری دے دی ہے۔GoP کی جانب سے 26 بلین روپے کی TDC کی ادائیگی کمپنی کی کیش فلو پوزیشن کے تناؤ کو کم کرنے میں مدد دے گی اور ساتھ ہی ساتھ کمپنی کو اپنے آپریشنز کو یقینی بنانے مع فیول سپلائرز اور IPPs کی ادائیگی کے قابل بنائے گی۔

مزید براں، حکومتی اداروں کے سلسلے میں قابل الوصول اور قابلِ الادا رقوم کے مسئلے پر، کمپنی متعلقہ اسٹیک ہولڈرز کے ساتھ مسلسل رابطے میں ہے اور تمام تصفیے چاہے وفاقی ہوں یا صوبائی ایک چھتری کے تلے ان کا منصفانہ حل چاہتی ہے۔

ٹیرف سے متعلق معاملات اور مڈٹرم ریویو

مالی سال 2019 کے اختتام کے بعد، نیپرا نے اپنے فیصلوں بتاریخ 27 دسمبر 2019 اور 31 دسمبر 2019 کے ذریعے جولائی 2016 سے جون 2019 کی مدت کے لئے ماہانہ فیول چارجز ایڈجسٹمنٹ (FCA) اور جولائی 2016 سے مارچ 2019 کی مدت کے لئے سہ ماہی ٹیرف میں تبدیلیوں کا تعین کیا۔ سہ ماہی ٹیرف میں تبدیلیوں کے فیصلے میں، نیپرا نے معاملے پر مزید غور وفکر کرنے کے لئے رائٹ-آف کلیمز کو شامل نہیں کیا ہے جو کمپنی کی جانب سے مالی سال 2017 اور مالی سال 2018 کے لئے دائر کئے گئے تھے۔ یہ کلیمز MYT میں تجویز کردہ میکانزم کے مطابق دائر کئے گئے تھے اور کمپنی ان کلیمز کی منظوری کے لئے نیپرا کے ساتھ مسلسل رابطے میں ہے۔

2009 سے کی جانے والی 2.4 بلین امریکن ڈالرز سے زائد سرمایہ کاری کے باعث کے-الیکٹرک کی پیداواری صلاحیت میں 1,057 میگاواٹ کا اضافہ ہوا جس کے نتیجے میں فلیٹ کی مجموعی کارکردگی میں بہتری آئی اور یہ مالی سال 2009 میں 30% سے بڑھ کر مالی سال 2019 میں 37% ہوگئی۔ ساتھ ہی ساتھ T&D کے نقصانات میں 16.8% کی کمی واقع ہوئی اور T&D کی صلاحیت میں بالترتیب 42% اور 64% کا اضافہ کیا گیا۔ اس سرمایہ کاری کے نتیجے میں کمپنی نے 70% سے زائد علاقوں کو لوڈشیڈ سے مستثنیٰ قرار دیا اور اس کے ساتھ 2010 سے صنعتیں لوڈشیڈ سے 100% مستثنیٰ ہیں۔

اگرچہ ٹیرف کو حتمی شکل دینے میں تاخیر اور غیریقینی صورتِ حال پروجیکٹس کے طے کردہ وقت پر اثر انداز ہوئی ہے لیکن کمپنی ویلیو چین میں سرمایہ کاری اور خدمات کی سطح کو بہتر بنانے کے لئے پُرعزم ہے۔ اس سلسلے میں مئی 2019 میں ٹیرف کے نوٹیفیکیشن کے بعد پلان کردہ پروجیکٹس بشمول 900 MW کے RLNG پروجیکٹ (BQPS-III) کو تیز رفتاری سے پایۂ تکمیل تک پہنچایا جارہا ہے۔ کمپنی کی جانب سے پلان کردہ سرمایہ کاری اور تکنیکی جدت طرازی مزید آپریشنل بہتری کا سبب بنے گی جس سے صارفین بڑے پیمانے پر مستفید ہوں گے۔

ویلیو چین میں جاری سرمایہ کاریاں

کمپنی نیٹ ورک کی بھروسہ مندی اور سروس میں بہتری کے ساتھ، بلاتعطل بجلی فراہم کرنے کے وژن پر گامزن ہے اور اس سلسلے میں صلاحیت میں اضافہ، نیٹ ورک کی بہتر کارکردگی کے لئے تکنیکی پیش رفت اور اپنے نیٹ ورک کی حفاظت کے لئے مسلسل سرمایہ کاری کر رہی ہے۔ بجلی کی بڑھتی ہوئی طلب کے پیشِ نظر، کے-الیکٹرک اپنے پیداواری فلیٹ اور بیرونی ذرائع میں اضافے کے ذریعے صلاحیت میں بہتری اور ترسیل و تقسیم کی گنجائش میں اضافے کی طرف مستقل پیش قدمی کر رہا ہے۔ ازخود جنریشن کے محاذ پر، کے-الیکٹرک اپنے بن قاسم پاور کمپلیکس پر BQPS-III، 900 میگاواٹ کا RLNG پاور پلانٹ لگا رہا ہے۔ پروجیکٹ کنٹریکٹر کو دسمبر 2019 میں آغازِ کار کا نوٹس دے دیا گیا تھا اور پروجیکٹ سائٹ پر کام کی ابتدا کر رہی ہے۔ اس پروجیکٹ کے تحت، کمپنی دو 450 MW یونٹس پر مشتمل انتہائی جدید و اعلیٰ صلاحیت کا حامل پاور پلانٹ قائم کر رہی ہے جو کہ کمبائنڈ سائیکل گیس ٹربائن (CCGT) ترتیب پر کام کرے گا اور ساتھ ہی اس پروجیکٹ میں منسلکہ ترسیلی انفرااسٹرکچر کی اپ گریڈیشن بھی شامل ہے۔

BQPS-III کے لئے فیول کی فراہمی کے حوالے سے RLNG کے حصول کے لئے مسابقتی بولی کا آغاز کر دیا گیا ہے تاکہ فیول کی مسابقتی قیمتوں کو محفوظ بنایا جا سکے۔ مزید براں، متبادل کے طور پر اس بات کو زیرِ غور لاتے ہوئے کہ حکومتِ پاکستان (GoP) نے 800 MMCFD کی RLNG کی کمٹمنٹ کر رکھی ہے، لہٰذا اس کمیٹڈ مقدار میں سے کے-الیکٹرک کو RLNG کی فراہمی کے لئے بات چیت جاری ہے۔

پیداواری صلاحیت بڑھانے کے لئے، سال کے اختتام کے بعد 50 میگاواٹ کے گھارو سولر آئی پی پی نے دسمبر 2019 میں کمرشل آپریشنز کی تاریخ (COD) حاصل کی جو کے-الیکٹرک کے نظام میں قابلِ تجدید ذرائع کا کُل حصہ 250 میگاواٹ تک لے گیا۔

مزید براں اپنی ٹرانسمیشن کی صلاحیت کو بڑھانے اور اس کی بھروسہ مندی کو مجموعی طور پر بہتر کرنے کے مقصد کے تحت، کمپنی نے 450 ملین امریکن ڈالرز سے زائد کے TP-1000 پروجیکٹ میں نمایاں پیش رفت کی ہے، جس کے نتیجے میں صلاحیت میں اضافے کے ساتھ بھروسہ مندی میں بھی بہتری آئی ہے۔ 90% سے زائد پروجیکٹ مکمل ہو چکا ہے اور TP-1000 پروجیکٹ کے تحت تاحال 6 گرڈ اسٹیشنز اور 26 پاور ٹرانسفارمرز کو شامل کیا گیا ہے جس کے نتیجے میں 900 MVAs سے زائد کا اضافہ ہوا۔ پروجیکٹ کی تکمیل رواں سال کے آخر میں متوقع ہے۔

نقصان میں کمی کے اقدامات کے حوالے سے، کمپنی نے تاحال تقریباً 8,000 PMTs کو ABC میں تبدیل کر دیا ہے جس کے نتیجے میں T&D نقصانات میں نمایاں کمی آئی ہے اور لوڈشیڈ سے مستثنیٰ علاقوں میں اضافہ ہوا ہے جس کے ذریعے بالآخر صارفین کو فائدہ پہنچا۔ اس کے علاوہ کمپنی نے PMT کی سطح پر آٹومیٹڈ میٹر ریڈرز (AMRs) کی تنصیب اور میٹر ڈیٹا مینجمنٹ سسٹم (MDMS) پروجیکٹ پر عمل درآمد کر کے تکنیکی پیش رفت کی ہے۔ یہ پیش رفت نیٹ ورک کی کارکردگی کو بہتر بنانے میں اہم کردار ادا کرے گی۔

لیکویڈیٹی اور مجموعی سرمایہ کاری (Capital) کے خدوخال

وقت کے ساتھ، حکومتِ پاکستان (GoP) کی جانب سے جمع ہونے والے قابلِ الوصول Tariff Differential Claims (TDC) کے ساتھ دوسرے ڈیپارٹمنٹس اور اداروں کے بڑھتی ہوئی قابلِ الوصول رقوم نے کمپنی کے ورکنگ کیپٹل کی ضروریات میں خاطرخواہ اضافہ کیا جس کا انتظام بینکوں کے مسلسل تعاون سے ممکن ہوا۔

فنانسنگ اپ ڈیٹ

مالی معاونت کی گارنٹی

اگست 2019 میں کے-الیکٹرک نے 50 ملین امریکن ڈالرز کی فنانسنگ کا انتظام کیا جسے برطانیہ کے ایک ڈیولپمنٹ فنانس انسٹیٹیوشن، GuarantCo لمیٹڈ کی معاونت حاصل ہے۔ اس فنانسنگ کا مقصد ترسیل اور تقسیم کے انفرااسٹرکچر کی اپ گریڈیشن مع بجلی کی چوری سے بچاؤ کے لئے ABC کی تنصیب کا کام انجام دینا ہے۔ قرض کی رقم کو مساوی طور پر پاک روپے اور امریکن ڈالرز ٹرینچز میں تقسیم کیا گیا ہے۔

ڈائریکٹرز رپورٹ

ہم، بورڈ آف ڈائریکٹرز کی جانب سے سال مختتمہ 30 جون 2019 کے حوالے سے آڈٹ شدہ مالی گوشواروں کے ساتھ کمپنی کی سالانہ رپورٹ پیش کرتے ہوئے خوشی کا اظہار کرتے ہیں۔ان اکاؤنٹس میں تاخیر ملٹی ایئر ٹیرف (MYT) کو حتمی شکل دینے کی وجہ سے ہوئی جواب نوٹیفائیڈ اور نافذ العمل ہے۔تاہم ٹیرف کی سطح میں کمی اوراس کے ساتھ ٹیرف اسٹرکچر میں تبدیلی نمایاں مضمرات کی حامل ہے۔کے-الیکٹرک (کے ای) نے اپنے تحفظات اپلیٹ ٹریبونل میں دائر کر رکھے ہیں جو کہ اپلیٹ ٹریبونل کے فعال ہوتے ہی سنوائی کے لئے پیش کئے جائیں گے۔

مالی کارکردگی

	2019	2018	
ریونیو	Rs. 289,119 Mn	Rs. 217,127 Mn	(+33.2%)
EBITDA	Rs. 31,236 Mn	Rs. 32,422 Mn	(-3.7%)
خالص منافع	Rs. 17,274 Mn	Rs. 12,312 Mn	(+40.3%)
آمدن فی حصص	Rs. 0.63	Rs. 0.45	(+40.3%)
آمدن کُل اثاثہ	Rs. 598,865 Mn	Rs. 473,698 Mn	(+26.4%)
کُل ایکویٹی	Rs. 214,489 Mn	Rs. 207,293 Mn	(+3.5%)
PPE[1] پر ریٹرن	Rs. 5.29%	Rs. 4.44%	(+0.85pp)
ایکویٹی پر ریٹرن	8.05%	5.94%	(+2.11pp)

1. PPE: Property, Plant & Equipment

مالی سال 2019 کے دوران، کے - الیکٹرک نے 39,983 ملین روپے کی سرمایہ کاری کی جس کے نتیجے میں کلیدی آپریشنل انڈیکیٹرز میں بہتری آئی اور بجلی کے تقسیم کردہ یونٹس میں اضافے (مالی سال 2019 GWh 17,697;مالی سال 2018 GWh 17,419) کے ساتھ ترسیل اور تقسیم (T&D) نقصانات FY2018 کے مقابلے میں 20.4% سے کم ہو کر 19.1% ہو گئے۔

اس آپریشنل بہتری کی وجہ سے گذشتہ سال کے مقابلے میں کمپنی کے مجموعی نفع میں 12% کا اضافہ ہوا (مالی سال 2019: 50,706 ملین روپے؛ مالی سال 2018: 45,297 ملین روپے)، تاہم سرکاری شعبے سے قابلِ الوصول رقوم کے سلسلے میں ایڈجسٹمنٹ، روپے کی قدر میں خاطر خواہ کمی اور حکومت اور دیگر سرکاری اداروں سے قابلِ الوصول رقوم میں مسلسل اضافے اور ٹیرف ویری ایشنز کے تعین میں تاخیر کے باعث ورکنگ کیپٹل کی ضروریات کو پورا کرنے کے لئے فائینینشل چارجز میں ہونے والے اضافے کے نتیجے میں، ٹیکس سے پہلے منافع میں بہتری نہیں آسکی۔

کے-الیکٹرک نے، نیپرا میں دائر کئے جانے والے مڈٹرم ریویو میں دیگر عوامل کے ساتھ ورکنگ کیپٹل کے معاملے کو بھی اٹھایا ہے (جو کہ اس رپورٹ کے آنے والے سیکشن میں تفصیل سے بیان کیا گیا ہے)، اور توقع ہے کہ ٹیرف میں ضروری ایڈجسٹمنٹ بشمول ورکنگ کیپٹل کی اجازت دی جائے گی جس سے مسلسل سرمایہ کاری جاری رہے گی جو کہ آخر کار صارفین کو محفوظ، قابلِ اعتماد اور بلاتعطل بجلی کی فراہمی کی صورت میں فائدہ مند ثابت ہونے کے ساتھ ساتھ کمپنی کے مالی معاملات پر بھی مثبت اثرات مرتب کرے گی۔

آپریشنل کارکردگی

متعدد چیلنجز کی موجودگی میں، صارفین کو بجلی کی محفوظ اور قابلِ بھروسہ فراہمی کے مقصد سے ہم آہنگ ہوتے ہوئے، کمپنی نے انرجی ویلیو چین میں 2009 سے 2019 کے درمیان 2.4 بلین امریکن ڈالرز سے زائد کی سرمایہ کاری کی۔قابلِ ذکر بات یہ ہے کہ ٹیرف کو حتمی شکل دینے میں غیر یقینی صورتِ حال اور تاخیر کے باوجود صرف پچھلے تین سالوں کے دوران کمپنی نے 960 ملین امریکن ڈالرز سے زائد کی سرمایہ کاری کی ہے جو اپنے صارفین کے لئے کمپنی کے عزم کا عہد نامہ ہے۔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FORM OF PROXY

109th Annual General Meeting

I / we ____________________________ of ____________________________ being a member(s) of **K-Electric Limited,** hereby appoint Mr_______________ of _______________, or failing him / her Mr_______________ of _______________ as my / our proxy to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held at Pearl Continental (PC) Hotel, Grand Ball Room (Ground Floor), Club Road, **Karachi on**__________ , __________ **2020 at** __:__ a.m. or at any adjournment thereof.

As witnessed given under my / our hand(s) this_____ day of _____ 2020.

(Affix revenue stamp of appropriate value).

Shares Held ____________________________

Shareholder's Folio / Account # ____________________________

CNIC # ☐☐☐☐☐■☐☐☐☐☐☐☐■☐

Signature ____________________________

Proxy Holder's Folio / Account # ____________________________

Proxy Holder's CNIC # ☐☐☐☐☐■☐☐☐☐☐☐☐■☐

Signature ____________________________

1. Witness: ____________________	2. Witness: ____________________
Signature: ____________________	Signature: ____________________
Name: ____________________	Name: ____________________
CNIC: ____________________	CNIC: ____________________
Address: ____________________	Address: ____________________
____________________	____________________

Note:

1. Duly completed Form of Proxy must be deposited to the Company Secretary at Corporate Affairs Department, 1st Floor, Block A, Elander Road, Power House Karachi no later than 48 hours before the time fixed for the meeting. Scanned copy of Proxy Form may be emailed to us at amjad.mustafa@ke.com.pk or irfan.uddin@ke.com.pk.
2. Proxy must be given to a person who is a **member of the Company,** except in the case of Companies where the proxy may be given to any of its employee for which certified true copy of Power of Attorney and / or Board Resolution with regard to appointment of proxy should be attached.
3. In case the proxy is the beneficial owner of CDC, **an attested copy of his / her CNIC** or Passport must be enclosed.
4. The proxy shall produce **his / her original CNIC or original passport** at the time of the meeting.
5. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of **proxy shall be rendered invalid.**

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1st Floor, Block A
Elander Road Power House
Karachi, Pakistan.

پراکسی فارم

109 واں سالانہ اجلاسِ عام

میں/ہم ______________ ساکن ______________ بحیثیت ممبر کے-الیکٹرک لمیٹڈ

مسمی/مسمات ______________ ساکن ______________

یا غیر حاضری کی صورت میں مسمی/مسمات ______________ ساکن ______________ کو بطور مختار (پراکسی) مقرر

کرتا/کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاس عام میں جو بروز ______________ 2020 صبح ____:____ بجے صبح پرل کونٹی نینٹل (پی سی)، گرینڈ بال روم (گراؤنڈ فلور)، کلب روڈ، کراچی میں منعقد ہو رہا ہے یا اس کے ملتوی شدہ اجلاس میں شرکت کر سکیں اور ووٹ ڈال سکیں۔

موزوں مالیت کا
رسیدی ٹکٹ چسپاں کریں

دستخط ______________ بروز ______________ بتاریخ ____ / ______________ 2020

حصص کی تعداد ______________

شیئر ہولڈر کا فولیو/اکاؤنٹ نمبر ______________

شناختی کارڈ نمبر

دستخط ______________

حامل پراکسی کا فولیو/اکاؤنٹ نمبر ______________

حامل پراکسی کا شناختی کارڈ نمبر

دستخط ______________

گواہان 1

دستخط ______________

نام گواہ ______________

شناختی کارڈ نمبر ______________

پتہ ______________

گواہان 2

دستخط ______________

نام گواہ ______________

شناختی کارڈ نمبر ______________

پتہ ______________

نوٹ

1- نمائندے کو فعال بنانے کے لئے نامزدگی کا فارم میٹنگ کے مقررہ وقت سے کم از کم 48 گھنٹے قبل کمپنی سیکریٹری کو کارپوریٹ افیئرز ڈپارٹمنٹ، فرسٹ فلور بلاک اے، ایلینڈر روڈ، پاور ہاؤس، متصل آئی آئی چندریگر روڈ کراچی 74200 پر موصول ہونا چاہیئے۔ نامزدگی فارم کی اسکین شدہ کاپی ہمیں اس ای میل پر بھیج سکتے ہیں:
amjad.mustafa@ke.com.pk - یا irfan.uddin@ke.com.pk

2- حامل پراکسی کمپنی کا ممبر ہونا ضروری ہے لیکن اگر کوئی کمپنی اپنے کسی ملازم کو پراکسی دینا چاہے تو اس کے لئے پاور آف اٹارنی اور/یا بورڈ ریزولوشن کی تصدیق شدہ کاپی منسلک کرنی ہوگی۔

3- اگر حامل پراکسی CDC کا ممبر ہے تو اس کے شناختی کارڈ/پاسپورٹ کی تصدیق شدہ کاپی لازمی منسلک ہونی چاہیئے۔

4- حامل پراکسی کو میٹنگ کے وقت اپنا اصل شناختی کارڈ/پاسپورٹ دکھانا ہوگا۔

5- اگر کسی ممبر نے ایک سے زیادہ ممبر مقرر کیئے یا ایک سے زیادہ پراکسی فارمز کمپنی میں جمع کرائے ایسے تمام پراکسی فارمز کو منسوخ سمجھا جائے گا۔

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