ANNUAL REPORT

2020

The Power
of Progress

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01

THE POWER OF PROGRESS

15 years ago, KE's management launched a series of initiatives aimed at enabling a corporate turnaround. With a combination of globally accepted management practices and increased investments in energy technologies, KE has repositioned itself as an example of a privatisation success story.

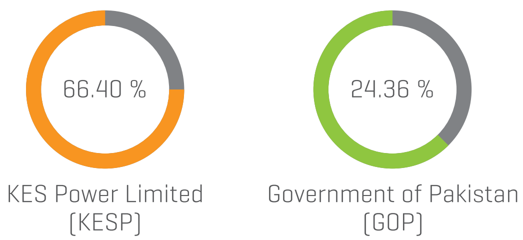
Company Profile

K-Electric Limited, formerly known as Karachi Electric Supply Corporation, was established on September 13, 1913, to meet the power needs of Karachi. With over one hundred years of powering Karachi under its belt, the last fifteen years have been the advent of a new age for Karachi, its surrounding areas, and the organisation itself.

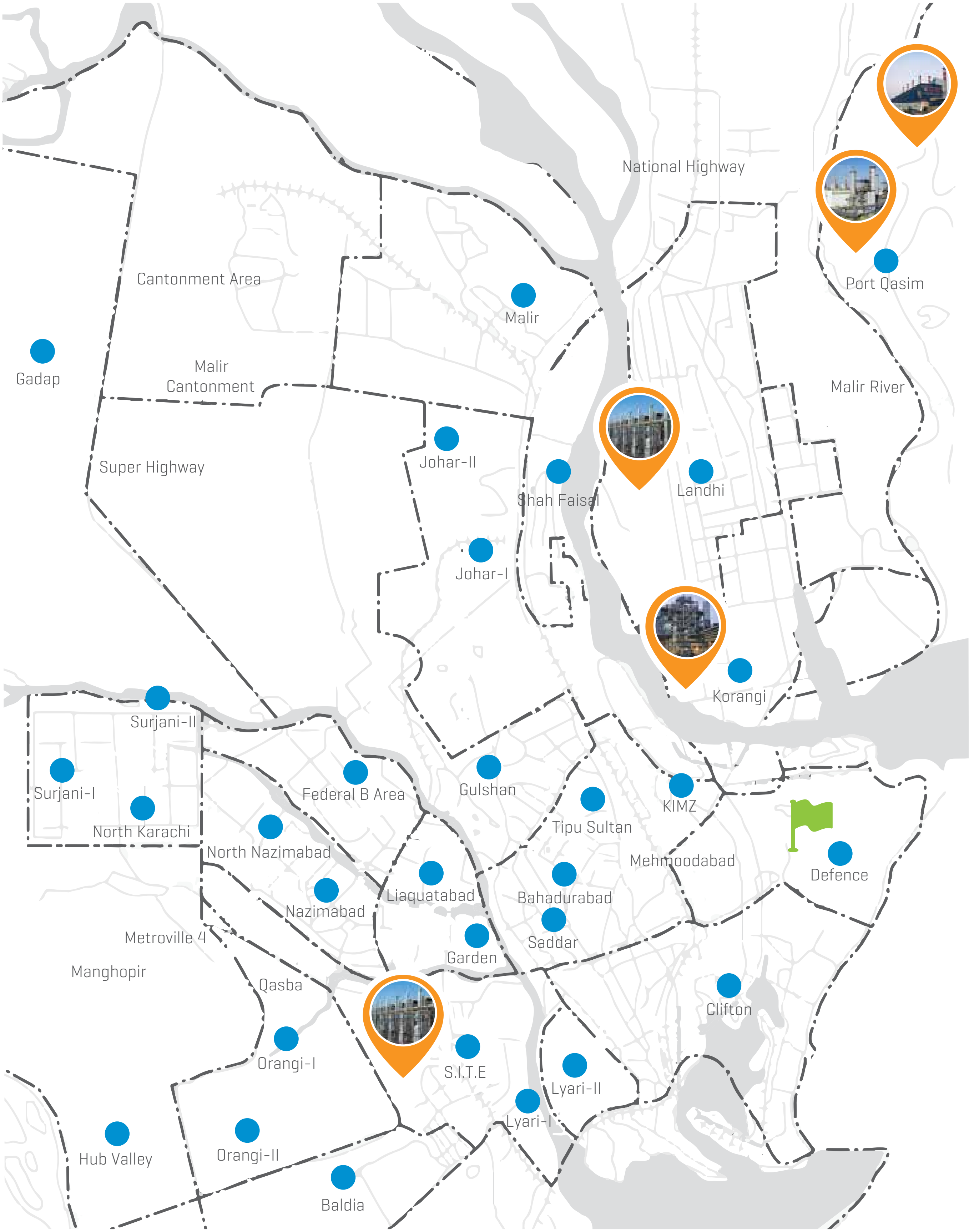
With a focus on value creation for its customers, new strategies were introduced at every level, including environment, social, and governance policies. As a result, the organisation posted a profit for the first time in 17 years in 2011-12, and was rebranded under its current name of K-Electric (KE) in 2014. As of today, over 75% of the service territory is load-shed free, with 100% exemption to industries. Transmission and Distribution losses have decreased by 14.5% points between 2005 and 2020.

With various investments planned across its business segments, KE is poised to continue its journey of growing with the city it serves. With an eye on the future, KE aims 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 Integrated Business Centres (IBC), along with planned investments of around USD 1.5 Billion in the next three years, KE's greater vision is to bring Karachi into a power surplus position by 2022, thereby continuing the city's ability to power the national economy.


National Highway
Port Qasim
Cantonment Area
Malir
Gadap
Malir Cantonment
Malir River
Johar-II
Super Highway
Shah Faisal
Landhi
Johar-I
Korangi
Surjani-II
Surjani-I
Federal B Area
Gulshan
KIMZ
North Karachi
Tipu Sultan
North Nazimabad
Mehmoodabad
Defence
Liaquatabad
Bahadurabad
Nazimabad
Saddar
Metroville 4
Garden
Manghopir
Qasba
Clifton
Orangi-I
S.I.T.E
Lyari-II
Lyari-I
Hub Valley
Orangi-II
Baldia

Company Information

Board of Directors (BOD)

Shan A. Ashary	Chairman
Syed Moonis Abdullah Alvi	CEO
Khalid Rafi	
Adeeb Ahmad	
Ch. Khaqan Saadullah Khan	
Dr. Ahmed Mujtaba Memon	
Jamil Akbar	
Mubasher H. Sheikh	
Muhammad Abid Lakhani	
Ruhail Muhammad	
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, CEO	Member

Board Finance Committee (BFC)

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

Board Strategy & Project Committee (BS&PC)

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

Chief Financial Officer
Muhammad Aamir Ghaziani

Chief People Officer & Company Secretary
Muhammad Rizwan Dalia

Chief Internal Auditor
Asif Raza

Legal Adviser
Messrs Abid S. Zuberi & Co.

External Auditors
Messrs A.F. Ferguson & 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
Al Baraka Bank (Pakistan) Limited
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
Pak Brunei Investment Company Limited
Samba Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Standard Chartered Bank (UK)
Summit Bank Limited
The Bank of Khyber
United Bank Limited

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

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Chairman Message & Review

SHAN A. ASHARY
Chairman of K-Electric

It gives me immense pleasure to present this review report on FY 2020 pertaining to the overall performance of the Board and the effectiveness of its role to attain business objectives.

During FY 2020, the Board continued its efforts to ensure adherence to a stronger corporate governance framework at KE. The fundamental objective is to fortify a culture that ensures adherence to the law, strong commitment towards code of conduct and compliance with the best corporate governance practices. During FY 2020, the collective contributions and efforts of our Board members allowed the Board of Directors to discharge their fiduciary responsibilities effectively.

Growing alongside the city and the people it serves, KE has adopted various efficiency and development programs based on the latest technologies. As a result, over 75% of the city is now load-shed free, versus 6.6% fifteen years ago, with 100% exemption to industries. 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 2005, KE has invested over USD 3.3 Billion across its business segments and in the next three years, the Company has planned initiatives which would translate into investments of around USD 1.5 Billion. Major projects underway are the BQPS-III RLNG fired power plant and T&D capacity enhancement and safety initiatives.

Among our challenges, which include the 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. KE remains in continuous engagement with government entities and is hopeful for a fair and equitable 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.

This year, the Company also faced the unique challenge of managing workflows and safety during the COVID-19 induced lockdown. I am proud to say that KE's Leadership and their teams worked harder than ever before to ensure business continuity across the board. The policies and advises issued by Company Leadership played a major role in ensuring that all WHO mandated SOPs were followed.

Sustainability has become another key driving force within KE. During FY 2020, the Company launched Project Sarbulandi, an initiative aimed at load-shed reduction in targeted areas. KE is using this platform to drive community engagement as well. Community engagement efforts include hosting of area clean-up drives, medical camps, provision of clean drinking water and on-ground kiosks for new connection and meter applications.

This year, in order to ensure statutory compliance of Code of Corporate Governance Regulations, 2019 (CCG) with regard to evaluation of Directors, the Board and its committees, KE engaged the Pakistan Institute of Corporate Governance (PICG) whereby their online assessment provides independent assessment of the strengths and capabilities of the Board, its committees and individual Directors.

Subsequent to the year end, Karachi experienced an unprecedented rain spell which crystallised weaknesses in the city's infrastructure. The Board in response constituted a Special Committee to review the performance of KE during these rains, identify gaps and suggest remedial course of action.

To prepare for next year's rain season, the Special Committee held a number of meetings and submitted a report to the Board on October 02, 2020. The KE Board, on the basis of the report, approved an additional investment of PKR 9.5 Billion for rain mitigation measures over the next four years, which would further the upgradation of infrastructure and advancement of protection in the distribution network.

With a simple vision of bringing Karachi into a power surplus position by 2022, KE will continue to make investments across the entire value chain. Aided by our inspired staff, KE will continue to support the economic growth of the country and Inn Sha Allah, remain a strong development partner for Pakistan.
I wish to thank our customers for their unwavering support and continued patronage of KE. It is their trust and confidence in our capabilities that motivate us to continue to serve them for the future.
I also express our sincere gratitude to our shareholders who have provided steadfast support and who remain a source of strength. I also wish to express my gratitude to our Regulators for their support and guidance in all aspects of our working.

Before ending my review for FY 2020, I would like to convey my sincere condolences and prayers for all those fellow countrymen who fell victim to COVID-19 pandemic and lost their precious lives. I also pray that Allah SWT keeps Pakistan and the rest of the world safe from this pandemic.

Message from the CEO

Syed Moonis Abdullah Alvi

Syed Moonis Abdullah Alvi
Chief Executive Officer

For more than one hundred years, KE has been serving Karachi, a diverse city with its own unique set of operational challenges. At KE, we see ourselves not just as business, but as an essential service provider. In FY 2020, the Company's operational preparedness was especially critical due to the COVID-19 induced lockdown.

With the support of our dedicated employees, productivity enhancements, and the adoption of workplace best practices, KE was able to mitigate the operational challenges brought on by the lockdown. During the lockdown we provided uninterrupted power, even to high loss areas to enable people to remain indoor comfortably. Furthermore, economically vulnerable segments were facilitated by deferring bill payments, delaying arrears, and issuing instalments, which alone cost around PKR 300 million to the Company.

But for us at KE, our work goes beyond power provision. We will serve Karachi and its people, come what may. The lockdown came with a number of logistical challenges that could have potentially impacted timelines of KE's on-going infrastructure projects, including the 900 MW, RLNG-fired BQPS-III power plant. While ensuring the safety of its employees, KE remains committed to planned timelines and continued progress. To this end, the first unit of BQPS-III is slated for commissioning by summer 2021, with project completion expected by December 2021.

During June and July 2020, our generation capabilities were affected by the nationwide furnace oil shortage, This meant unavailability of adequate fuel supply to not just KE but to its IPPs as well. I appreciate the Federal Government's commitment to resolve the issue and allow furnace oil imports. However, we are determined to do our best to ensure there is no repeat. With the Federal Government's support and principle approvals in place, KE has accelerated investment in interconnection facilities necessary to evacuate additional power from the National Grid and meet Karachi's ever-increasing power needs and work is in full swing to ensure increased availability of power for next summer.

Safety remains a key area of priority for KE. The Company revisited and validated safety protocols and grounding on all our electricity poles to ensure that the power we supply is not only consistent and reliable, but also safe. The impact was evident in the greatly reduced number of safety incidents during record-breaking rainfall post FY 2020.

It is imperative that we continue to learn from the past and look to the future so that we can fulfill our vision of a load-shed free Karachi. Today, we are only able to do this, to reach to where we are today, because of years of sustained efforts. As a result, more than 75% of Karachi is load-shed free today, up from around 6.6% in 2005, with 100% exemption to industries. We are also cognizant of the fact that the journey does not end here. More than 40% of Karachi is unplanned and the provision of electricity to these areas is a very prominent challenge for KE. This is mainly because there is rampant power theft and the residents belong to low-income households, hence the propensity to pay is very low.

We accepted this challenge and initiated a three-year, PKR 10 Billion upliftment and infrastructure development initiative named Sarbulandi. Scaling up our community engagement efforts under this umbrella, we are actively and strategically collaborating with communities and driving socio-economic uplift through initiatives ranging from provision of safe drinking water, creation of public spaces as well as other activities aimed at strengthening health, safety, sports and above all else, creating jobs in these areas. I take great pride to share that despite all the challenges, and just one year into this project, we have successfully reduced load-shed in parts of Korangi, Landhi, Liaquatabad, Surjani, Orangi and Nazimabad by an average of 2.5 to 4.6 hours a day.

KE has planned improvements and enhancements across all verticals of generation, transmission, and distribution, for which USD 1.5 Billion has been earmarked over the next three years. Our ability to continue these efforts is highly dependent on support from all stakeholders. In this regard it is imperative that tariff/regulatory approval process is expedited along with resolution of circular debt issue. Increasing government receivables (net receivables of over PKR 80 Billion, on principal basis) have severely compromised the Company's ability to manage day to day operations due to increasing financing cost. KE is in talks for the settlement of outstanding dues at the earliest, so that it can continue to invest in the city's socio-economic future and proceed unimpeded towards its goal of bringing Karachi into a power surplus position by 2022.

I wish to thank our stakeholders for their outright support to KE during these challenging times. The combined efforts of our employees and partners have made it possible for KE to live up to its newly established brand promise of "Hum Aap Hain". Inn sha Allah, we are fully determined to drive our business objectives with passion and dedication. For us, powering Karachi is vital for Pakistan's progress.

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 110th Annual General Meeting

Notice is hereby given that the 110th 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 Thursday, November 26, 2020 at 10:30 Hours to transact the following business:

ORDINARY BUSINESS

1. To confirm minutes of the Annual General Meeting (AGM) held on June 03, 2020.

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, 2020.

3. To appoint External Auditor for FY 2021 and fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if deemed fit, pass the following as Special Resolutions, under section 199 of the Companies Act 2017, with or without modification (s):

   RESOLVED THAT, subject to the passage of the special resolution of the members of the Company, the Company be and is hereby authorised to make investments in KE Venture Company (Private) Limited ("KEVCL") up to an amount not exceeding PKR 275 million by way of a subscription of shares in one or more tranches at the rate of PKR 10 per share and for the purposes of onward investment by KEVCL and indirect investment by KE, into other associated undertakings, including but not limited to K-Solar (Private) Limited (K-Solar). Such investment may be made by the Company in KEVCL by December 31, 2021.

   RESOLVED FURTHER THAT, subject to the passage of the special resolution of the members of the Company, the Company be and is hereby authorised to issue guarantees or other related commitments to guarantee the obligations of K-Solar with other counterparties. Such sponsor commitments or guarantee(s) to be issued by KE shall be issued for the purposes of or in connection with its business operations including performance guarantee(s), guarantees for securing payment obligations and other guarantees and shall be in favor of various counterparties from time to time, not exceeding PKR 100 Million having various validities based on mutual agreements between the parties.

   RESOLVED FURTHER THAT the Company shall complete all legal requirements and procure all regulatory approvals prior to any issuance of shares in KEVCL; and prior to issuance of any guarantee on behalf of K-Solar.

   RESOLVED FURTHER THAT the Chief Executive Officer (CEO), Company Secretary and Chief Financial Officer (CFO), acting jointly and/or severally are authorised to take all necessary actions to make the above investment, to subscribe the shares of KEVCL or to issue guarantees or provide sponsor commitments on behalf of the Company to guarantee any obligation(s) of K-Solar as an associated company of KE

5. 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, November 05, 2020

Notes:

(i) The Share Transfer Books of the Company, for the purpose of attending AGM, will remain closed from November 20 to 26, 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 November 19, 2020 will be treated in time.

(ii) 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.

(iii) 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.

(iv) Members (non-CDC) are requested to promptly notify to the Share Registrar of the Company, **CDC Share Registrar Services Limited, 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 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 September 08, 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.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT 2017 (THE ACT) READ WITH REGULATION 3 OF COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017 (THE "2017 REGULATIONS")

K-Electric Limited (the "Company" or "KE") proposes to inject share capital directly in KE Venture Company (Private) Limited and indirectly in K-Solar (Private) Limited through its investment in KE Venture Company (Private) Limited. In compliance with the requirements of Section 134(3) of the Act read with Regulation 3 of the 2017 Regulations, the Company discloses the following information for the benefit of its shareholders to consider the investment decision under Section 199 of the Act in its associated companies:

(i) NAME OF ASSOCIATED COMPANY OR ASSOCIATED UNDERTAKING:

KE Venture Company (Private) Limited ("KEVCL")

(ii) BASIS OF RELATIONSHIP:

KEVCL is an Associated Company of KE on the basis that KEVCL has Directors on its Board which are also the staff member/Directors of the Company.

(iii) EARNINGS PER SHARE FOR THE LAST THREE YEARS:

Not applicable to KEVCL as it has yet to commence business.

(iv) BREAK-UP VALUE PER SHARE BASED ON LATEST AUDITED FINANCIAL STATEMENTS:

Not applicable to KEVCL as it has yet to commence business.

(v) FINANCIAL POSITION (I.E. MAIN ITEMS OF STATEMENT OF FINANCIAL POSITION AND PROFIT AND LOSS ACCOUNT)

Not applicable to KEVCL as it has yet to commence business.

(vi) DESCRIPTION OF THE PROJECT AND ITS HISTORY SINCE CONCEPTUALIZATION:

The creation of KEVCL is part of the diversification strategy of the Company to get into allied business and create new revenue streams for KE. These investments would include, but are not limited to, initiatives taken by the company in the Renewable Energy space. The current initiatives planned are in the Utility Scale Generation landscape and in the unregulated Distributed Generation market. KEVCL is intended to be a holding company for all such investments to be made by KE.

KEVCL was incorporated on 30 July 2020 and no investments in KEVCL have been made to date. KEVCL will be a 100% owned subsidiary of KE except for the qualification shares held by its Directors. Currently, KEVCL has a paid-up capital of PKR 40 and 4 of its Directors hold one share of PKR 10 each.

(vii) STARTING DATE AND EXPECTED DATE OF COMPLETION OF WORK:

KEVCL was incorporated on 30th of July 2020. The company will hold investments for KE, as mentioned earlier in (vi) at its behest and should be considered as an ongoing concern with no particular date of completion.

(viii) TIME BY WHICH SUCH PROJECT SHALL BECOME COMMERCIALLY OPERATIONAL:

KEVCL is expected to make its first investment in K-Solar (Private) Limited ("K-Solar") in the second quarter of financial year of 2020 to 2021 (i.e. FY 20-21).

(ix) EXPECTED TIME BY WHICH THE PROJECT SHALL START PAYING RETURN ON INVESTMENT:

The objective of this project is to generate alternate income streams for KE, and the diversified income streams would increase KE's presence in the energy market, hence creating value for the shareholders of KE. KEVCL will hold all the returns in foreseeable future for reinvestment in its ongoing and future projects which will enhance value of KE's investment in KEVCL and will ultimately benefit to KE and its shareholders.

(x) FUNDS INVESTED OR TO BE INVESTED BY THE PROMOTERS, SPONSORS, ASSOCIATED COMPANY OR ASSOCIATED UNDERTAKING DISTINGUISHING BETWEEN CASH AND NON-CASH AMOUNTS:

KE will make equity investment in the form of cash injection in KEVCL in addition to any corporate guarantee(s) in connection with its business operations, including performance guarantee(s), being its associated company. No funds are proposed to be injected in KEVCL by any other promoter, sponsor or associated company.

(xi) MAXIMUM AMOUNT OF INVESTMENT TO BE MADE:

PKR 275 Million.

(xii) PURPOSE AND BENEFITS LIKELY TO ACCRUE TO THE INVESTING COMPANY AND ITS MEMBERS FROM SUCH INVESTMENT AND PERIOD OF INVESTMENT:

The energy markets are evolving globally and domestically and companies, including power utilities, are moving towards providing cleaner, cheaper, and more accessible solutions to their customers. KE is also intending to participate in the larger energy and allied business space by setting up and investing in KEVCL. Initial identified areas of investment are around renewables such as distributed generation and utility scale generation projects. The investments, while subject to market and commercial risks, are intended to benefit the consumers and the company as they are in line with the Governments policy on moving the power sector towards renewables. KEVCL is not only expected to be a holding company for renewables but also other allied businesses that KE may consider at a future date.

(xiii) SOURCES OF FUNDS TO BE UTILISED FOR INVESTMENT AND WHERE THE INVESTMENT IS INTENDED TO BE MADE USING BORROWED FUNDS:

The source of funds shall be the internal cash generated from the operations of KE.

(xiv) JUSTIFICATION FOR INVESTMENT THROUGH BORROWINGS:

Not applicable as no borrowings are proposed to be made in order to make the relevant equity investment directly in KEVCL.

(xv) DETAIL OF COLLATERAL, GUARANTEES PROVIDED AND ASSETS PLEDGED FOR OBTAINING SUCH FUNDS:

Not applicable as no borrowings are proposed to be made in order to make the relevant equity investment directly in KEVCL.

(xvi) COST BENEFIT ANALYSIS:

Not applicable as no borrowings to be made.

(xvii) SALIENT FEATURES OF THE AGREEMENT(S) WITH ASSOCIATED COMPANY ON PROPOSED INVESTMENT:

Will be available, if any, subsequently.

(xviii) DIRECT OR INDIRECT INTEREST OF DIRECTORS, SPONSORS, MAJORITY SHAREHOLDERS AND THEIR RELATIVES IN THE ASSOCIATED COMPANIES:

None till date other than as disclosed above.

(xix) PERFORMANCE REVIEW OF SUCH INVESTMENT IF ALREADY MADE:

Not Applicable.

(xx) ANY OTHER IMPORTANT DETAILS NECESSARY FOR THE MEMBERS TO UNDERSTAND THE TRANSACTION:

The Company shall complete all legal requirements and procure all regulatory approvals prior to any issuance of shares in KEVCL; and prior to issuance of any guarantee on behalf of K-Solar.

(xxi) MAXIMUM PRICE AT WHICH SECURITIES WILL BE ACQUIRED:

At face value of PKR 10 per share.

(xviii) JUSTIFICATION IF PURCHASE PRICE HIGHER THAN MARKET VALUE OR FAIR VALUE:

Not applicable.

(xix) MAXIMUM NUMBER OF SECURITIES TO BE ACQUIRED:

Twenty-seven million, five hundred thousand (27,500,000) shares to be acquired by KE in KEVCL.

(xx) NUMBER OF SECURITIES AND PERCENTAGE THEREOF HELD BEFORE AND AFTER THE PROPOSED INVESTMENT:

Before the investment, KE has NIL and after the proposed investment, KE would have 27,500,000 shares in KEVCL, corresponding to 100% of the share capital in KEVCL except for 4 shares of PKR 10 each issued to the initial subscribers and Directors of KEVCL.

(xxi) CURRENT AND PRECEDING TWELVE WEEKS' WEIGHTED AVERAGE MARKET PRICE WHERE INVESTMENT IS PROPOSED TO BE MADE IN LISTED SECURITIES:

Not Applicable.

(xxii) FAIR VALUE DETERMINED IN TERMS OF REGULATION 5(1) FOR INVESTMENTS IN UNLISTED SECURITIES:

Since the shares are being issued at par value and KEVCL is non-operational, this is not applicable.

(xxiii) IN CASE OF INVESTMENTS IN THE FORM OF LOANS, ADVANCES AND GUARANTEES, FOLLOWING DISCLOSURES IN ADDITION TO THOSE PROVIDED UNDER CLAUSE (A) OF SUB-REGULATION (1) OF REGULATION 3 SHALL BE MADE :

(i) category-wise amount of investment;

PKR 100 Million in the form guarantees for the financing of projects undertaken by KEVCL or by its subsidiary/associated companies.

(ii) average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period;

Not applicable as no loans to be extended as part of the investment.

(iii) rate of interest, mark up, profit, fees or commission etc. to be charged by investing company;

Not applicable as no loans to be extended as part of the investment.

(iv) particulars of collateral or security to be obtained in relation to the proposed investment;

Not applicable as no loans to be extended as part of the investment.

(v) if the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formulacircumstances in which the conversion may take place and the time when the conversion may be exercisable; and

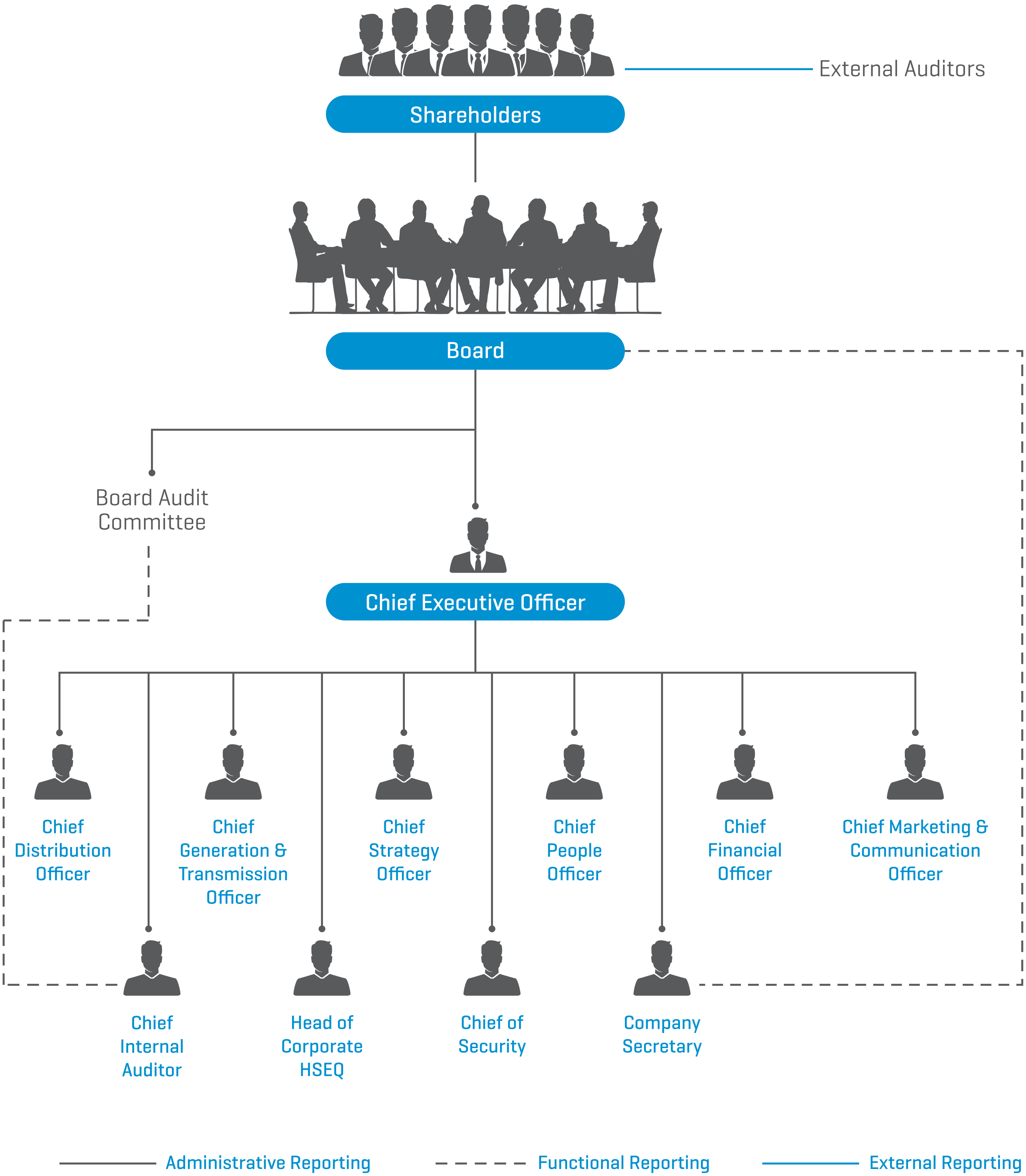
Not applicable as no plans for conversion to securities.

(vi) repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.

Not applicable as no loans or advances to be extended as part of the investment.

The Directors of the Company have no interest in the above special business.

Board of Directors



Board of Directors

Shan A. Ashary

Chairman

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 member of the Institute of Chartered Accountants of England and Wales. Other engagements: Investment Adviser, Al-Jomaih Holding Co. (Saudi Arabia).

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.

Adeeb Ahmad

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

Director

Ch. Khaqan has over 20 years of experience in corporate finance, investment banking, private equity and general management. He is currently an advisor to international investors with significant investments in Pakistan. Prior to this, he was a fund manager with the Abraaj Group. Ch. Khaqan has also worked as the Head of Investment Banking at KASB Bank, an Investment Officer in International Finance Corporation, 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. Ch. Khaqan holds a BA in Economics from Northwestern University, US. Other engagements include Member Board of Directors: Cinepax Limited and Jhimpir Power (Private) Limited.

Dr Ahmed Mujtaba Memon

Director

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, IESCO; SSGC and NESPAK.

Jamil Akbar

Director

Mr Akbar has over 20 years of multinational experience in general management, strategy, real estate development, private equity and turnarounds. He currently leads Infrastructure (incl. Energy) Strategy and M&A for Fauji Foundation. Prior to that he was Country Head, Emaar Pakistan. Previously, he was with the Abraaj Group focused 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 London. 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 engagements: Director on the Boards of Mari Petroleum Company, Foundation Wind Energy Ltd I & II, FFC Energy Ltd, Fauji Kabirawala Power Company and Al-Shaheer Corporation.

Khalid Rafi

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 the PwC global network, 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 member at the Institute of Chartered Accountants in England and Wales. Other engagement: Director, China Three Gorges South Asia Investment Limited.

Mubasher H. Sheikh

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

Director

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

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.

Syed Asad Ali Shah Jilani

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 by 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. Other Engagement: Chairman, Pakistan Refinery Limited.

Waseem Mukhtar

Director

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

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 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.

Naz Khan
Chief Strategy Officer

Ms Khan is a seasoned professional with over 25 years of experience across both financial and services industryies. 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 has also served on the Boards of several organisations such as Shell Pakistan, Pakistan Stock Exchange, Fauji Fertilizer Bin Qasim and UBL Fund Managers amongst others.

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.

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.

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 (KE) in 2008. Before becoming KE's Chief Financial Officer in 2018, he has served in senior roles in Finance, Corporate planning and Regulatory compliance function. Mr Ghaziani is a Fellow member of the Institute of Chartered Accountants of Pakistan (ICAP) and did his Articleship from A. F. Ferguson & Co. (a member firm of the PwC global network). He 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 the PwC global network), and served at Pakistan State Oil from 2001 to 2007 in diverse roles in the Finance function. Mr Dalia is a Fellow member 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).

Board Committees Terms of Reference (TOR)

Board Audit Committee (BAC) - 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 characterised 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) - 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 consultants 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 that 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) - 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 minimise 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) - 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.

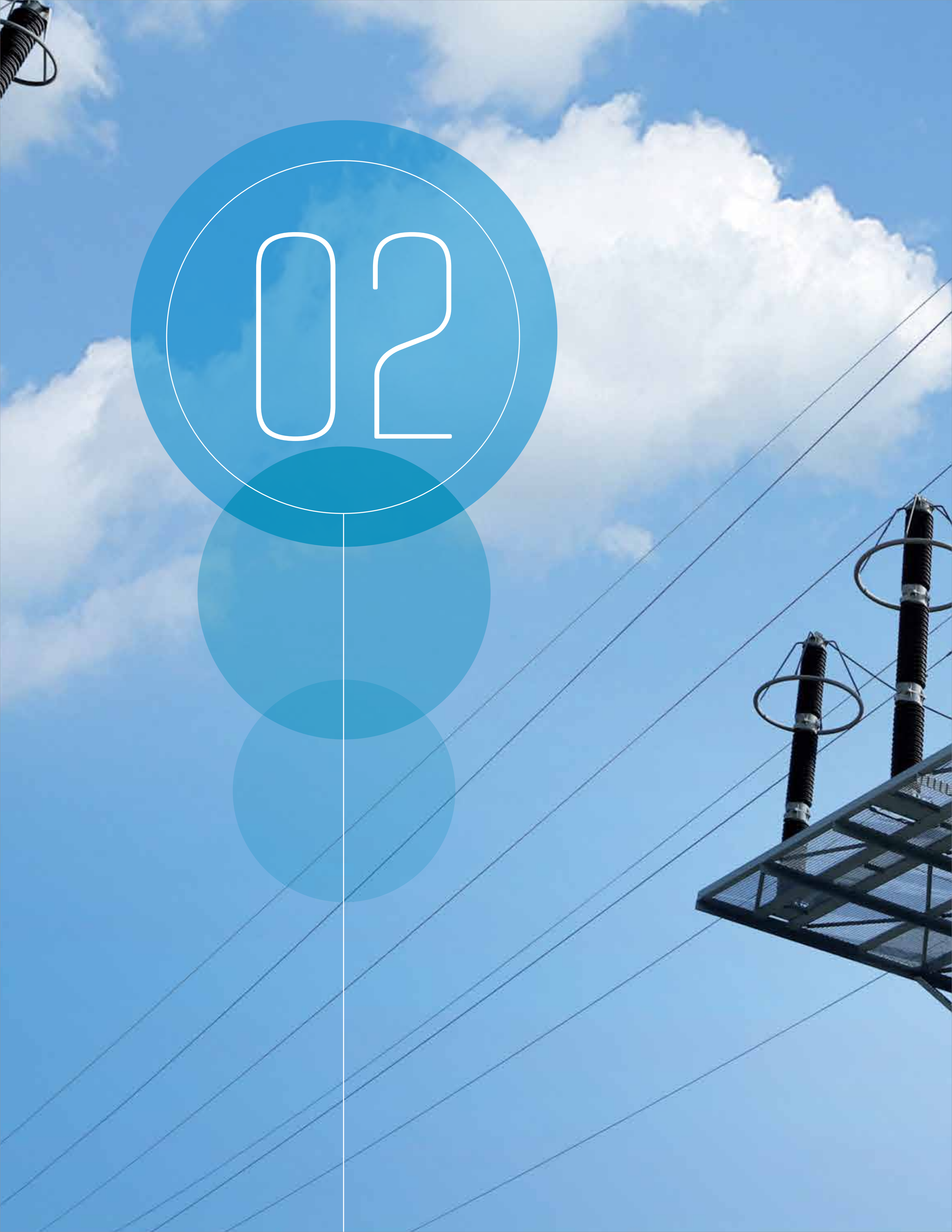
g. To undertake any other assignment entrusted by the Board.

Attendance in Board of Directors and Committees Meetings

held during the period, when concerned Director was on the Board/Committee

Director	BOD		BAC		BHR&RC		BFC		BS&PC		BRAC		BRM&SC	
	held	attended	held	attended	held	attended	held	attended	held	attended	held	attended	held	attended
Ikram-ul-Majeed Sehgal	07	06	-	-	-	-	-	-	-	-	-	-	-	-
Syed Moonis Abdullah Alvi	11	11	-	-	03	03	-	-	08	08	01	01	-	-
Khalid Rafi	11	11	05	05	03	03	03	03	07	07	-	-	-	-
Adeeb Ahmad	11	11	01	01	-	-	-	-	01	01	-	-	-	-
Ch Khaqan Saadullah Khan	11	11	05	04	02	02	05	05	07	06	01	01	-	-
Dr Ahmad Mujtaba Memon	11	10	-	-	-	-	02	02	-	-	-	-	-	-
Mubasher H. Sheikh	11	10	05	05	-	-	-	-	-	-	-	-	-	-
M Zubair Motiwala	02	02	-	-	-	-	-	-	-	-	-	-	-	-
Nayyer Hussain	03	02	01	01	-	-	02	01	04	01	-	-	-	-
Shan A Ashary	11	10	-	-	03	03	05	02	08	08	01	01	-	-
Waseem Mukhtar	11	08	-	-	-	-	-	-	02	02	-		-	-
Akhtar Zaidi	01	-	-	-	-	-	-	-	-	-	-	-	-	-
Ruhail Muhammad	09	08	-	-	-	-	02	02	-	-	-	-	-	-
Riyadh S A A Edrees	09	05	-	-	-	-	-	-	-	-	-	-	-	-
Jamil Akbar	07	07	-	-	-	-	-	-	02	02	-	-	-	-
Syed Asad Ali Shah Jilani	03	03	02	02	-	-	-	-			01	01	-	-
Muhammad Abid Lakhani	09	03	-	-	-	-	-	-					-	-

No Board Meeting was held outside Pakistan by the Company during the year FY 2020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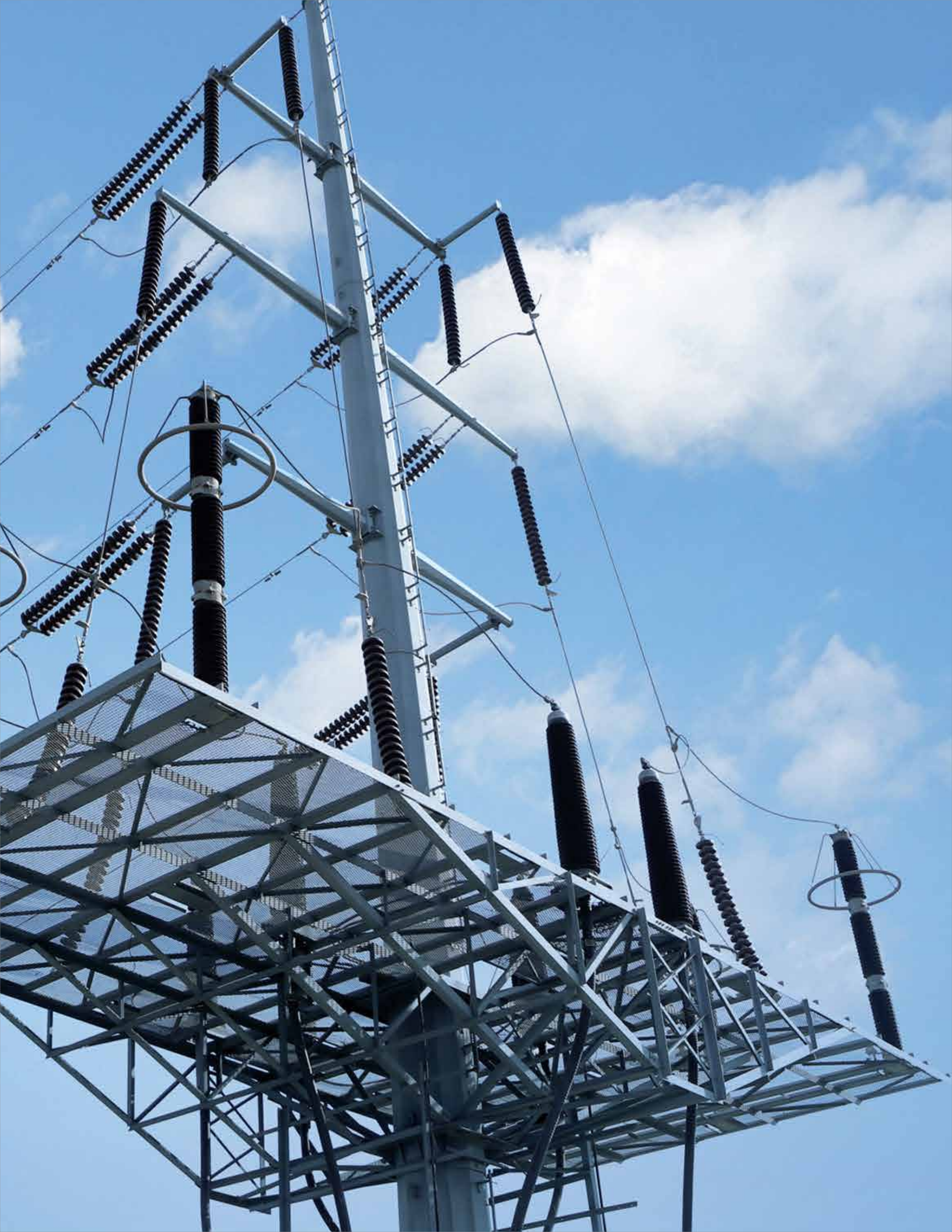


Code of Conduct

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 organisation.

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.

Objectives & Strategy

Strategies & Objectives

KE's mission is to brighten lives by building the capacity to deliver uninterrupted, safe, and affordable power to its customers. To support this mission, the Company has identified several strategic initiatives that will position KE to continue its growth as a successful business while addressing market and regulatory challenges:

- Growing customer demands, technological advancements, and a shift towards sustainable energy across the globe is encouraging companies to adopt new business models and to diversify revenue streams by moving beyond conventional sources of power supply.

- In Pakistan, regulatory landscape is set to encourage competition in the power sector. Government of Pakistan is intending to implement Competitive Trading Bilateral Contracts Market (CTBCM) model to introduce the wholesale electricity competitive market across the country.

For KE to successfully compete in the open market regime of the future, the Company is focusing on five key areas: 1) Enhancing provision of power supply through conventional value chain; 2) Diversification into new sources of power supply; 3) Infrastructure upgrades; 4) Achieving operational excellence and 5) Investing in our people and society.

Taking Karachi into power surplus position is one of our key corporate goals. This will be achieved via introduction of the 900 MW RLNG-fired BQPS-III and expected additional supply of 1,400 MW from the National Grid. Moreover, as an interim arrangement, supply from National Grid through existing interconnections is expected to increase to 1,100 MW by next summer, and in addition, we are also evaluating other short term solutions for FY 2021 to mitigate any possible deficit. To cater for an increased power supply in future, our transmission network is also being upgraded under the TP-1000 project along with planned addition of new grid stations including at 500kV level, to enable smooth power transmission in future.

KE, as per its commitment to generate power through greener and economical sources, and to uplift the districts of Vinder, Uthal and Bela in Baluchistan, has initiated process of competitive bidding for three solar IPP projects. Working with its partners, via joint ventures, KE will set up additional capacity of 150 MW through these projects. Furthermore, as part of our diversification strategy, KE is planning to enter the Distributed Generation business and has incorporated K-Solar to provide customers with opportunities to diversify their energy sources through high quality and affordable solutions.

To reduce Aggregate Technical & Commercial (AT&C) losses, and achieve a load-shed free Karachi, KE is scaling up its efforts to combat power theft, by converting existing high loss Pole Mounted Transformers (PMTs) to Aerial Bundled Cable (ABC). Further, Project Sarbulandi (launched in July 2019) has been commenced to uplift the underdeveloped areas. The project aims to improve network health in order to provide safe and reliable electricity. The project was initiated at six of our High Loss IBCs in 2019, with the remaining batch of six High Loss IBCs added under the emblem of the project in this fiscal year. With these planned initiatives, KE plans to convert all high and very high loss areas in Karachi to ABC by 2023.

At KE, we have initiated a holistic operational excellence program to improve business execution while enhancing customer experience. To achieve this, we intend to mobilize multiple improvement initiatives aimed at enhancing organisational agility; ensuring optimised processes, standards and systems that are adopted consistently across the entire business; achieving higher performance and return on capital across our assets; and instilling a continuous improvement culture throughout the organisation.

KE believes in the safety of not only its employees, but also in the safety of the communities and environment in which it serves. Quarterly reporting to Sindh Environmental Protection Agency (SEPA) is being done to remain compliant with ISO 14001 (Environmental Management System), while we keep conducting gap analysis of safety system in our quest for continuous improvement.

To ensure our highly dedicated and passionate workforce continue to deliver high quality customer services, KE's teams will continue to invest heavily in learning and growth opportunities, offer tailored learning programs and support initiatives to promote physical and mental well-being of all staff members. As the world dealt with the COVID-19 disruption, KE remained committed to provide power to its customers while ensuring safety of its people.

Key Performance Indicators (KPIs)

The Company has set targets to achieve the following KPIs, which are periodically evaluated against the actual results:

- Improvement in fleet efficiency in generating electricity
- Reduction of T&D and AT&C losses
- Customer experience and satisfaction (Instant Customer Endorsement scores)
- Improvement in reliability indices
- Growth in EBITDA
- Employee retention and satisfaction
- Consistent corporate achievement and excellence

Organisational Overview

Significant Factors Affecting the External Environment and Organisational Response

Political Environment:

KE plays a key role in ensuring energy supply to Karachi, the economic hub of the nation. Ensuring a consistent energy supply is key to ensuring Karachi continues to make significant contributions to the national economy in different areas. Operating under a regulated regime, any change in government policies pertaining to the energy sector along with required government approvals for execution of planned initiatives have the potential to impact KE's operations.

As such, the Company monitors the on-going political trends to identify challenges or opportunities arising due to changes in National policies. Through liaising with all relevant stakeholders, the Company's efforts remain focused on ensuring continuous power supply to its consumers while exploring opportunities and managing/ mitigating possible risks in this respect. With the regulatory landscape set to encourage competition in the power sector, the Company has planned strategic initiatives which will position KE to continue its growth as a successful business while keeping pace with changes to the sector landscape.

Economic Environment:

Energy demand is strongly correlated with the economic progress of the country, and therefore, improvements in macroeconomic factors may lead to higher power demand, while also positively impacting consumers' propensity to pay. In addition, given the capital-intensive nature of the business, a stable and positive economic outlook including stability in rupee-dollar parity is critical for the Company to undertake its planned investments in a timely manner.

Furthermore, sustainability and viability of the business and execution of planned investments is heavily dependent upon timely payments by government entities and regulatory approvals, for which the Company remains in continuous engagement with all relevant stakeholders.

The Company remains in continuous pursuit of diversifying its fuel mix, and in this regard, in addition to its 900 MW highly efficient generation plant, 350 MW of renewable additions have been planned which would help optimise cost of power for consumers.

Social Environment:

Karachi is unique in its demography, development trends and socio-economic outlook than the rest of the country. The Company is directly affected by the social environment with regards to the local inhabitants of the areas where power theft is rampant. Therefore, to ensure a conducive social environment, KE has enacted a thorough community engagement strategy whereby it brings the local communities on board for area upliftment, building awareness on importance of paying bills and to build a relationship beyond power provision.

The Company pursues a carefully crafted CSR strategy aimed at addressing the basic issues of people such as clean water supply, removal of garbage, renovation of popular public spaces, hosting of medical camps while also helping chronic defaulters to convert into consistent and regular payers. KE also provides community residents with easy payment methods, low cost meters and tips on how to best manage their monthly bills.

Technological Environment:

Technological advancements across the power value chain help catalyse operational improvements including improvement in generation fleet efficiency, better network visibility enabling targeted investments in the network, and furthering customer-centricity. At KE, the importance of technology goes beyond our power infrastructure. KE has a dedicated IT department responsible for maintaining and providing state-of-the-art software technologies for operations optimisation.

KE strongly believes in the importance of investments in technology. Keeping ourselves abreast with the latest technology is an integral part of our philosophy. The Company has introduced Advanced Metering Infrastructure (AMI) and smart meters have been installed at PMT and large industrial consumer level, to improve energy management.

The Company realises digitalisation to be the basis of the future social and economic systems. Addition of digital payment methods is a part of the Company's strategy. To encourage consumers to utilise digital avenues, KE has focused on prioritising the convenience of our valuable customers through various initiatives including the launch of KE Live App. Further, the Company also has various alternative payment solutions, to facilitate customers and cater to the changing digital landscape.

Environmental Factors:

Power production have the potential to bring about several ecological effects upon the environment which includes air and water pollution. As such, it is of utmost importance that these environmental impacts are carefully identified, managed, and mitigated. KE's power plants follow all international environmental management requirements to ensure minimum ecological impact. The Company's BQPS-II plant is the first-ever Pakistani power plant to be declared a WWF-Green Office for its Environmental Management System which prioritises energy efficiency, focuses on waste reduction across the entire value chain and ensures an environmentally-friendly workplace. KE's HSEQ Department pre-emptively addresses all environmental matters by undertaking requisite studies, coordinating with safety experts over internal and external policies and approvals.

Further, to ensure compliance with ISO 14001 (Environmental Management System), Quarterly reporting to Sindh Environmental Protection Agency (SEPA) is being carried out, while the Company regularly conducts gap analysis for continued improvement.

Further, the Company, as per its commitment to generate power through greener and economical sources, has planned addition of 350 MW of renewable generation projects in the next three years.

Legal Environment:

KE is a Public Listed company duly audited by leading and reputed statutory audit firms. The company ensures compliance with the required rules and regulations for all financial disclosures, audit, statutory and regulatory requirements. The Company limits its legal exposure by carefully deliberating upon techno-commercial aspects with experts from each area and seeking advice from its legal advisors.

Accomplishments (2005 - 2020)

Over USD 3.3 Billion invested in generation, transmission and distribution Infrastructure

1,057 MW added to installed generation capacity

18 new grid stations added

Over 2,800 MVAs added to transmission capacity

Over 4,000 MVAs added to distribution capacity

Over 75% of Karachi exempted from load shed

Serving over 20 million people under residential, commercial and industrial segments

30 IBCs and KE Live App providing customers with one-stop solution

Future Projects- USD 1.5 Billion Investment Roadmap

GENERATION

Development of a
900 MW
RLNG-fired power project

350 MW
of renewable energy additions

TRANSMISSION

7 new grid stations, including at **500 kV** level for off-take of additional **1,400 MW** from National Grid

Grids & rehabilitation work across the network including in Hub, Uthal, Vinder & Bela region

DISTRIBUTION

Aerial Bundled Cable (ABC)

Capacity enhancement through addition of
200 Feeders & 3,500 PMTs

Rain Emergency Rehabilitation Plan (RERP)

Public Accident Prevention Plan (PAPP)

Advanced Metering Infrastructure & GIS

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, 2020.

Financial Performance

	2020	2019	
REVENUE	Rs. 288,807 Mn	Rs. 289,119 Mn	(-0.1%)
EBITDA	Rs. 36,684 Mn	Rs. 31,236 Mn	(+17.4%)
NET (LOSS) / PROFIT	Rs. (2,959) Mn	Rs. 17,274 Mn	(-117.1%)
(LOSS) / EARNINGS PER SHARE	(Rs. 0.11)	Rs. 0.63	(-117.1%)
TOTAL ASSETS	Rs. 703,414 Mn	Rs. 598,865 Mn	(+17.5%)
TOTAL EQUITY	Rs. 210,658 Mn	Rs. 214,489 Mn	(-1.8%)
RETURN ON PPE[1]	-0.82%	5.29%	(-6.11pp)
RETURN ON EQUITY	-1.40%	8.05%	(-9.45pp)

1 PPE: Property, Plant & Equipment

During the Financial Year 2020, despite the challenges posed by the unprecedented COVID-19, the Company continued to invest across the value chain. An investment of Rs. 55,612 Million were made during the year in all core functions, resulting in improvement in generation fleet efficiency and network reliability. Before the COVID-19 lockdown, KE showed strong operational performance and upto March 20, 2020, recorded growth in units sent-out was 3.1%, along with around 2% points improvement in T&D losses, as compared to the same period last year.

However, significant drop in consumption in industrial and commercial consumer segments owing to COVID-19 lockdown, load-shed exemption in high loss areas and inability to carry-out theft detection activities, adversely impacted the sales mix of the Company and led to an overall increase in T&D losses to 19.7% (FY 2019: 19.1%) along with significant decline in units sent-out in the last quarter, recording an annual growth of 0.5% in units sent-out (FY 2020: 17,787 GWh; FY 2019: 17,697 GWh), thus having a consequential impact on the Company's financials for the year.

Further, continuous accumulation of government receivables and delays in determination of tariff variations had a direct impact on the working capital requirements of the Company, resulting in significant increase in finance cost by 166% (FY 2020: Rs. 16,737 Million; FY 2019: Rs. 6,285 Million), and consequently a net loss of Rs. 2,959 Million to the Company in FY 2020 as against net profit of Rs. 17,274 Million in FY 2019.

As explained in note 3 to the Financial Statements, the Company has requested NEPRA to allow necessary adjustments in tariff and has also requested Ministry of Energy (MoE), subsequent to year end, to reimburse /compensate the losses suffered by the Company during COVID-19 out of the Economic Stimulus Package approved by Economic Coordination Committee (ECC) of the Cabinet on April 9, 2020, as the Company has suffered these losses due to factors beyond its control. However, as the request is pending approval from NEPRA /MoE, nothing has been accounted for in the Financial Statements towards any potential relief that can be provided by the Government and/or the regulator in this respect.

KE, within the MYT mid-term review filed with NEPRA, among others, has requested for revision in the targets for units sent-out and T&D losses, as Company's performance against the same was impacted due to factors beyond its control. Additionally, KE has taken up the issue of working capital along with other factors including adjustment for significant PKR devaluation with NEPRA in the MYT mid-term review and expects that necessary adjustments should 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. While KE is committed to planned investments, we would like to emphasize here that execution of these investments is subject to approval of NEPRA, as KE operates under a "cost-plus" tariff regime.

Despite above challenges, KE remains committed to its planned investments, which would enable the Company to manage the growing power demand, along with ensuring reliable and sustainable power supply to its consumers and expects that the regulator will accept the investment plan of the utility.

Operational Performance & Continued Investments across the Value Chain

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 3.3 Billion across the energy value chain since privatization, resulting in over 75% of KE's service territory becoming exempt from load-shed, including 100% exemption to industries, improvement in generation fleet efficiency by 25% along with reduction in T&D losses by 14.5% points and capacity enhancement in all core functions.

It is noteworthy that despite multi-faceted challenges including delays in determination of tariff variations, uncertainty and delays around approvals for planned projects, continuous accumulation of government receivables, and unprecedented COVID-19 earlier this year, KE remained resolute in its commitment to make continuous investments, and during the last four years alone, has invested over USD 1.3 Billion, which is a testament of the Company's commitment towards its consumers.

With a vision to move Karachi into a power surplus position by FY 2022 along with improved system reliability and service levels, KE is making strides towards efficiency improvements and increase in despatch capacity through additions to its own generation fleet as well as external sources. On the self-generation front, construction works for 900 MW RLNG plant are being pursued on fast track basis, and GoP has also approved the allocation and firm supply of 150 MMCFD RLNG out of GoP's already committed quantities. In this regard, subsequent to year end, the Company entered into a Heads of Terms Agreement with Pakistan LNG Limited in October 2020. In addition to 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. The planned 900 MW RLNG Project is being pursued on fast track basis, and the first unit of the 900 MW Plant is expected to come online, Inn Sha Allah by summer of 2021, with project completion planned by the end of 2021.

Moreover, to enhance the generation capacity and diversify fuel mix, the 50 MW Gharo Solar IPP achieved Commercial Operations Date (COD) in December 2019, taking the total capacity of renewables to 250 MW including 150 MW from National Grid on short-term basis.

Further, with the objective of enhancing its transmission capacity and improving the overall reliability of its transmission network, KE has made significant progress on its over USD 450 Million TP-1000 Project, resulting in capacity enhancement and improved reliability. Over 94% of the project has been completed, and the project is expected to be completed within FY 2021. 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.

Furthermore, following the principle approval for supply of additional power from the National Grid, preliminary works for setting up of new grid stations for off-take of additional power have also begun. KE has also requested NEPRA for expeditious approval of the required investments to ensure timely off-take of upto 1,400 MW of additional power from the National Grid by 2023.

On the distribution front, as part of loss reduction initiatives, KE to date has converted over 9,000 Pole Mounted Transformers (PMTs) to Aerial Bundled Cable (ABC). This process has enabled the Company to significantly reduce its T&D losses and benefit consumers through reduction in load-shed. Moreover, the Company has continued to invest in technology, including installation of Automated Meter Readers (AMRs) at PMT level and implementation of a Meter Data Management System (MDMS), which will provide greater visibility into network performance, thereby enabling KE to make targeted investments in its distribution network.

Additionally, in line with its commitment to provide safe and reliable supply of power along with upliftment of the communities it serves, in FY 2020 KE launched 'Project Sarbulandi', a load-shed reduction project aimed at improving network health to provide a safer electricity environment, network upgradation through complete installation of ABCs, further reduction in load-shed through improved AT&C losses and upliftment of areas through community engagement activities. Despite the challenges faced by the teams, and the unprecedented lockdown condition during the year, the project managed to positively impact more than five million inhabitants, made possible through the conversion of over 1,000 PMTs to ABC and provision of low cost meters to over 100,000 customers.

Growing Receivables from Government Entities and Departments

Circular debt continues to remain a chronic challenge for the power sector, hovering at levels which put the entire sector's sustainability at risk and overall economy in jeopardy, thus calling for structural reforms for the entire sector.

As of September 30, 2020, KE's net receivables from various Federal and Provincial entities, stood at over Rs. 80 Billion on principal basis. 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.

Included in GoP's outstanding dues towards KE, is over Rs. 30 Billion owed by the Karachi Water & Sewerage Board (KWSB) as of September 30, 2020 which is fully reconciled. Due to KWSB's strategic importance to Karachi, KE continues to prioritise power supply to KWSB pumping stations and other Public Sector Entities essential for running the city. It is important to note that there are commitments from the Government of Sindh (GoS) to pay KWSB's current bills, as well as orders from the Honourable courts in this regard.

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 Tariff Differential Claims (TDC) receivables from the GoP and its resultant impact on the Company's cashflow position, during the year, an amount of Rs. 25 billion out of the pending TDC receivables were released to KE in accordance with the approval of ECC in its meeting held on March 26, 2020, which helped Company in ensuring business continuity and keeping its operations afloat. Subsequent to the year end, a further Rs. 6 billion with respect to Small & Medium Enterprises (SME) relief provided to consumers by KE, on behalf of GoP, related to COVID-19 was also released. The release of Rs. 31 Billion out of GoP receivables helped in managing the working capital and the revision in consumer-end tariff effective September 01, 2020 bringing KE's consumer-end tariff at par with other DISCOs across Pakistan will further help in this regard.

However, as stated above, KE still has net receivables of over Rs. 80 billion from various government entities on principal basis, having a consequential impact on the Company's cashflow position, and for which, the Company remains in continuous engagements with relevant stakeholders and seeks a fair and equitable resolution, with all settlements whether Federal or Provincial, tabled together under one umbrella, including any mark-up, as in case KE is to pay mark-up on its payables which is a consequence of delays in payments of KE's receivables by the GoP, then on the basis of reciprocity and on principle of fairness and equity, KE shall also receive mark-up on its receivables on the same basis.

Liquidity & Capital Structure

Over the period, accumulation of TDC receivables from the GoP along with long outstanding 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 and other valued investors. Further, amid the COVID-19 global pandemic, KE partook in providing relief to its consumers which impacted its financial and cashflow position.

Financing Update

Issuance of Largest Ever Listed Sukuk in the Private Sector of Pakistan

During August 2020, the Company successfully issued a secured, rated & listed Sukuk of Rs. 25 Billion which is the largest ever listed Sukuk in Pakistan's private sector. The Sukuk has a tenor of 7 years, including 2 years grace period and has been rated AA+ (Double A Plus) by VIS Credit Rating Company Limited. Pre-IPO subscription amounting to Rs. 23.7 Billion was successfully closed through private placement in January 2020, whereas the remaining portion of Rs. 1.3 Billion was subscribed through public offering.

Islamic Commercial Paper

During FY 2020, the Company continued its Islamic Commercial Paper (ICP) Program through issuance of six distinct privately placed Islamic Commercial Papers of 6 months' tenor amounting to Rs. 35 Billion to fund maturity of previously issued ICPs and partially to finance additional working capital requirements. Continued support of capital market to KE's ICP Program has not only enabled the Company to maintain a diversified debt portfolio, but also to free financing limits of some of the banks for supporting strategic projects of the Company.

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 which will be financed through a combination of local and foreign debt.

Foreign loans will be backed by Export Credit Agency (ECA) insurance cover. German (ECA), Euler Hermes has already accorded its approval for providing ECA insurance cover for financing of the German component of the project, whereas approval of Chinese ECA Sinosure for the Chinese component is in progress. Mandate for arranging local and foreign financing has also been signed to ensure timely financial close of the project.

Resource Allocation and Capital Structure

Resource allocation is an important activity for effective execution of planned projects. The Company allocates resources through budgeting process and a long-term business plan, in line with its corporate objectives and targets for short, medium and long-term.

Update on Tariff related Matters

MYT Mid-Term Review

KE's MYT includes a mid-term review mechanism wherein NEPRA would reassess certain assumptions made in the tariff, including assumptions on exchange rate variation, actual investments made against allowed, and working capital requirements beyond the control of KE.

Accordingly, on March 11, 2020, the Company filed its MYT mid-term review petition, requesting revision in investment plan critical to make required investments including setting-up of grids for off-take of additional power from the National Grid, exchange rate variation on 900 MW plant and investments required to enhance overall safety and reliability of the distribution network, along with adjustments for other factors beyond the Company's control such as growth in units sent-out, cost of debt and working capital requirements.

In this respect, a public hearing was held by NEPRA on September 16 and 17, 2020 during which the Management reiterated the criticality of requests made within the MYT mid-term review petition including adjustments in key performance indicators due to COVID-19, and the Company expects that necessary adjustments should be allowed in the tariff, which are critical to ensure Company's viability and sustainability, while also enabling the Company to make the required investments across the power value chain.

Quarterly Tariff Variations as per MYT Mechanism

In addition to MYT Mid-Term Review, KE's requests for quarterly tariff variations for the period April 2019 to June 2020 are pending NEPRA's determination. Within the quarterly tariff variations filed by KE, costs in lieu of recovery loss (in relation to bad debts and allowed under KE's MYT) is also claimed as per the mechanism provided by NEPRA, as more fully explained in Note 34.2 to the Financial Statements. NEPRA's approval for such costs is awaited, for which the Company remains in continuous engagement with NEPRA. While claims for the years FY 2017 to FY 2019 are pending NEPRA's approval, claims for FY 2020 have been verified by external auditors, and will be filed with NEPRA in due course.

Appeal pending with Appellate Tribunal on KE's MYT

Considering the reduction in tariff level along with change in tariff structure having material implications, KE filed an appeal with the Appellate Tribunal which is pending. The formation of the Appellate Tribunal has been notified by the GoP, however, the same is yet to be made functional by the GoP, and in this regard the Honorable Supreme Court has also directed the GoP to make the Appellate Tribunal functional at the earliest, as also explained in Note 1.5 to the Financial Statements.

Initiatives to enhance Network Safety & Protection

In view of the learnings from the 2019 monsoon period, the Company revisited safety procedures and practices and has undertaken revalidation of earthing and grounding of its network by examining each and every pole within the KE system with tagging of the same in the system. This process for LT poles was completed in July 2020.

Further, KE has continued to pursue the matter of illegal encroachment by TV and internet cables upon Karachi's power infrastructure and is continuously removing these illegal cables from its network through regular engagement with relevant authorities.

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. In order to control the situation, WHO and Government issued certain precautionary guidelines, which were and are strictly followed by the Company. 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, deferred recovery of bills, waiver of late payment surcharge and load-shed exemption across the service territory including high loss areas.

The lockdown, as it did with the rest of the economy and explained in above sections, had an adverse impact on the financial position mainly due to increase in T&D losses and costs incurred by the Company for compliance with the Government directives aimed for facilitation of consumers, as more fully explained in Note 3 to the Financial Statements. However, targeted, and accelerated investments going forward, will help Company recuperate the operational improvements in the coming years.

Measures for Greater Customer Facilitation during COVID-19

During the COVID-19 lockdown, KE's customer-centric initiatives remained a core organisational activity. KE's social media platforms, 118 call centre and KE Live App were instrumental in interacting with customers during the lockdown period. KE also introduced various alternative payment solutions, which reduce the need of physical visits to bank branches, including partnerships with Bykea and Daraz. Additionally, providing greater customer facilitation, the Company has ensured that bills can be paid online via various digital banking platforms.

Furnace Oil Shortage and Power Supply Issues

During June and July 2020, power supply shortfall in Karachi emerged mainly owing to factors outside KE's control including Furnace Oil (FO) supply shortage which was a country-wide crisis. Due to acute shortage of FO supply, supply from KE's Bin Qasim Power Station - I (BQPS-I) and supply from KE's FO based IPPs (Tapal and Gul Ahmed) was significantly reduced. Power supply was further restricted on account of gas pressure issues at KE's Korangi and SITE gas power plants, reduction in supply from wind power plants (from National Grid 150 MW) due to low wind pressure, and outage of KANUPP in July 2020 resulting in an adverse impact on power demand-supply position.

Due to above power supply constraints, KE, during the impacted period, was forced to conduct load management including in areas exempt from load-shed to avoid overburdening a particular consumer segment when the demand is higher than available supply.

In this respect, NEPRA issued a show cause notice and initiated proceedings under Section 27B and 28 of the NEPRA Amended Act, 2018. KE submitted its detailed response on allegations within the show cause notice, and subsequently, NEPRA vide order dated August 27, 2020 imposed a fine of Rs. 200 Million on the Company.

In response to NEPRA order, KE filed a review motion with NEPRA reiterating that the power shortages were a result of factors outside KE's control, as aforementioned. To further substantiate its claim, as part of the review motion, KE submitted additional evidence on the inquiry conducted/show cause notice issued by OGRA to various Oil Marketing Companies for country-wide shortage of petroleum products. Accordingly, the matter is currently under review process with NEPRA.

Authority Proposed Modification in Distribution License of KE

The Honorable Supreme Court of Pakistan in the matter of Human Rights Case No. 20883/2018 directed NEPRA through its order dated September 1, 2020 for proceedings under Section 26 of the NEPRA Amended Act, 2018, with respect to exclusive distribution rights given to the Company and submit a report, in this respect, with the Court.

Pursuant to the Court Order, NEPRA invited comments from stakeholders, and a public hearing was held in the matter on September 21, 2020, wherein, the Company highlighted that the Authority Proposed Modification was in fact against the public interest due to increase in cost for regulated/vulnerable consumer segments on account of increase in idle capacity, increase in T&D losses and avoidance of cross-subsidization/social obligation cost. Hence, owing to these factors, no level playing field is provided, and therefore a policy clearly and comprehensively mapping out the transition plan to move towards open markets should be formulated at first. Further, proceedings on the matter are awaited.

Competitive Landscape and Market Positioning

Under the existing structure of the sector, power distribution companies have exclusive rights to sell and distribute power. Similarly, KE has an exclusive distribution license till July 2023 and KE's MYT for the tariff control period FY 2017 to FY 2023 is also premised upon KE's exclusive distribution rights.

Under GoP power policies, there is expected deregulation of the distribution sector beyond 2023, but an orderly transition involving all stakeholders in accordance with the regulatory framework, along with an appropriate tariff structure is critical for implementation of this deregulation and to achieve the desired objectives of establishing competitive, fair and efficient utility marketplace in Pakistan.

Cyber Attack on IT Network

Subsequent to year-end, KE experienced an attempted cyber-incident, however, all critical customer services including bill payment solutions and 118 call-centre remained unaffected and fully operational. As a precautionary measure and to ensure system integrity, few non-critical services were isolated.

KE's IT team responded immediately by adopting various counter measures to keep operations intact and to ensure that core services pertaining to billing operations remain functional. Restoration activities were planned instantly, while prioritizing restoration of consumer services.

Auditors' Observations

With respect to the 'Emphasis of Matter' in the Independent Auditors' Report to the members, it is informed that:

As explained in Note 32.1.1 to the financial statements, 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 TDC and energy dues of the Company's public sector consumers. This narrative of the Company is duly supported by legal advices obtained in this respect.

Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019

a.	Total number of directors as at 26 October 2020		13
	i.	Female	nil
	ii.	Male	12
	iii.	Casual vacancy	01
	Composition		
	i.	Independent Director	01
	ii.	Non-Executive Directors	10
	iii.	Executive Directors	01
	iv.	Casual vacancy	01

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 Listed Companies (Code of Corporate Governance) Regulations 2019.

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 45 to 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. Loss Per Share (LPS) for the year ended June 30, 2020 was Rs. 0.11 (basic/diluted).

i. The Company has reported loss 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 32.3 to the Financial Statements.

m. The main trends and factors likely to affect the future development, performance and position of the Company's business is 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 the year under review, the following changes occurred on the Board and all casual vacancies were filled by directors within the specified time period:

1. Adeeb Ahmad was appointed as Director effective from July 04, 2019 against casual vacancy.
2. Syed Mohammad Akhtar Zaidi resigned from the directorship on July 29, 2019.
3. Muhammad Zubair Motiwala retired from the position of Director after completing three-year term on July 30, 2019.

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

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, GoP nominee
7. Mubasher H. Sheikh
8. Muhammad Abid Lakhani, GoP Nominee
9. Nayyer Hussain
10. Ruhail Muhammad
11. Riyadh S. A. A. Edrees
12. Shan A. Ashary
13. Waseem Mukhtar, GoP nominee

Subsequently, Nayyer Hussain resigned from the position of Director of the Company effective from September 18, 2019 and Jamil Akbar was appointed as a Director on the casual vacancy on September 25, 2019. Ikram ul-Majeed Sehgal resigned from the position of Chairman and Director of the Company effective from November 06, 2019 and Syed Asad Ali Shah was appointed as a Director on casual vacancy on January 27, 2020. Further, Riyadh S.A.A. Edrees was elected as Chairman, Board of Directors effective from April 09, 2020.

Subsequent to the year-end, Riyadh S.A.A Edrees resigned from the position of Chairman and Director and Shan A. Ashary was elected as Chairman of the Board of Directors of the Company, effective from September 07, 2020.

Auditors

The present statutory auditor, A.F. Ferguson & Co, Chartered Accountants, a member firm of the PwC network, retired and being eligible, offered themselves for re-appointment. The shareholders of the Company at the AGM on June 03, 2020 upon recommendations of the BAC and the Board, re-appointed them as statutory auditors of the Company for 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 4 years, this strategic investor has reiterated its keenness and has also issued fresh Public Announcement of its Intention for the acquisition on June 29, 2020.

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 and technological landscape of the local power sector.

Future Outlook

KE is a dynamic organisation that has demonstrated its resilience and determination to grow and thrive, overcoming multiple challenges in its 107-year journey since inception in 1913. Firm on its vision of providing safe and reliable power to all its consumers, the Company has planned investments of USD 1.5 Billion over the span of three years, spread across the entire power value-chain, resulting in energy self-sufficiency and propelling the socio-economic growth of Karachi and resultantly Pakistan. In addition, the Company is also evaluating equity stake in 350 MW of renewable projects expected to come online by 2023. However, since KE operates under a cost-plus tariff regime, execution of planned investments is dependent upon NEPRA's timely approval of the investment plan submitted by KE as part of the MYT mid-term review.

KE's Planned Projects – Short, Medium and Long-Term Objectives

900 MW BQPS-III Project – Short to Medium Term Arrangement

On the self-generation front, the Company is pursuing its 900 MW RLNG project on fast track basis, and the first unit is targeted to come online by summer of 2021, with project completion by the end of 2021. To ensure timely commissioning of 900 MW RLNG project, subsequent to the year end, the Company has decommissioned its less efficient and less reliable Units 3 & 4 of BQPS-I, as per planned timelines. Despite the challenges posed by COVID-19 and the consequent lockdown, the Management is closely monitoring the progress and is fully committed to the planned timelines.

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

Additional Supply from National Grid – Short Term Arrangement

Following discussions among relevant stakeholders including GoP, KE, NTDC, and CPPA to bridge the demand /supply gap for summer of 2021, the Cabinet Committee on Energy (CCoE) has given approval for off-take of additional power taking the total to 1,100 MW through existing interconnections, as an interim arrangement. KE is pursuing NTDC for expeditious completion of rehabilitation works of existing interconnections to be undertaken by NTDC by March 2021, to ensure off-take of additional power through existing interconnections by April 2021.

Additional Supply from National Grid – Medium to Long-Term Arrangement

To manage the projected growth in power demand, in addition to 900 MW RLNG project, KE had planned a 700 MW coal project under an IPP arrangement. However, due to delays in required approvals and considering the surplus power available in the National Grid, instead of the planned 700 MW Coal Project, the Company is now pursuing off-take of additional power from the National Grid.

In this regard, KE is in discussions with relevant stakeholders to increase the total base load supply from the National Grid to 1,350 MW by summer 2022, and later to 2,050 MW by summer 2023, taking the total additional base load supply from National Grid to 1,400 MW, thus moving Karachi into a power surplus position. The Company is aggressively pursuing relevant stakeholders for required approvals and finalisation of contractual modalities for off-take of additional base load supply of 1,400 MW from the National Grid. In addition to managing the demand-supply position in KE's service area, 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.

For off-take of additional power from the National Grid, setting-up of new grid stations including at 500 kV level is required, and the expected completion time for which is around 2 to 3 years. Accordingly, KE is continuously pursuing NEPRA for approval of related investments to ensure timely off-take of additional power from the National Grid.

Renewable Projects for fuel-mix Diversification - Long-Term Arrangement

In addition to the above, with the objective of diversifying its fuel mix, KE plans to off-take power from various renewable projects having installed capacity of 350 MW including setting up of 150 MW 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.

Loss Reduction & Community Upliftment – Medium to Long-Term Arrangement

Going forward, in order to achieve load-shed free Karachi, the Company is scaling up its efforts to combat power theft, by converting existing high loss PMTs to ABC and aims to convert all high loss PMTs to ABC by 2023. This will help the Company to convert around 93% of its service territory to low loss and exempt from load-shed, and as a result of which, load-shed would reduce to 1% of average demand.

Further, following the suit of first phase of Project Sarbulandi, another six IBCs are planned under the second phase, wherein the planned investments would enable conversion of over 1,500 PMTs to ABC, provision of over 100,000 low cost meters and community upliftment initiatives.

Rain Emergency Rehabilitation Plan (RERP) – Short to Long-Term Arrangement

Subsequent to heavy rainfall in August 2020, a Board Special Committee, under chairmanship of Additional Secretary (Power) & Government nominated Director, was formed to assess initiatives/investments required to further strengthen reliability and safety of the network and to cater to such extreme events. In this regard, as per the current estimates, Rs. 9.5 Billion will be spent as part of short-term and long-term plan between FY 2021 to FY 2024.

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. Further, delays in required approvals also impact timely execution of planned investments critical for the Company to meet its service obligations, and therefore the Company remains in continuous engagement with relevant stakeholders, including Government departments and entities, as well as NEPRA.

Business Diversification – Long-Term Arrangement

As part of diversification strategy of KE, a wholly owned subsidiary named KE Venture Company (Pvt) Ltd (KEVCL) has been incorporated. KEVCL will be the holding company for the different initiatives taken by the Company in the energy sector in Pakistan. Initially, the scope of the projects of the subsidiary would be exploring investments in the Renewable Energy space.

Another wholly owned subsidiary, K-Solar, has been incorporated under KEVCL. K-Solar would be specialising in Distributed Generation. Further, projects of 150 MW solar IPPs at Vinder, Uthal and Bela are going to be developed as joint ventures under KEVCL.

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, October 27, 2020

Key Highlights

PKR
288.81 Billion
total revenue (FY 2020)

PKR
36.68 Billion
EBITDA (FY 2020)

PKR
55.61 Billion
invested during the year across the energy value chain

6,500 km^2
Coverage area

Over
2.9 Million
customer accounts

1,057 MW
added to installed generation capacity since privatisation

Over
94% of TP-1000
project completed

14.5% points
Reduction in transmission & distribution losses since 2005

25%
improvement in fleet efficiency since privatisation

10,665
employees

300+
women in management positions

384
communities engaged with via Project Sarbulandi


E-05 LCC
LINE-BAY
E-05 LCC
TRAFO-BAY
SIEMENS
SIEMENS

03

BQPS-III Construction Site

Generation

In FY 2020, in addition to pursuing its 900 MW project on fast track basis, KE continued to invest in maintenance and rehabilitation of its existing plants, resulting in overall fleet efficiency improvement.

At Bin Qasim Power Station-I (BQPS-I), significant maintenance activities were carried out. These include replacement of HP Heaters at units 2 & 6, along with rehabilitation of Rotary Air Heaters at units 3 & 4, resulting in improvement in plant efficiency.

Moreover, efficiency of Bin Qasim Power Station-II (BQPS-II) improved further through modification in HRSG 1 & 3 duct for the reduction of Gas Turbines exhaust pressure and short circuiting of flue gases and up gradation of Debris Filtration & Ball Cleaning system of Steam Turbine Condenser.

BQPS-II was also awarded Topmost, Reliable GE Power Plant in Pakistan, Middle East & African regions with GTs average reliability of 99.84%.

At Korangi Power Complex, Gas Turbine No. 4 Hot Section Exchange & Steam Turbine-1 generator level B maintenance was conducted.

At Korangi Gas Turbine Power Station (KGTPS-II) & SITE Gas Turbine Power Station (SGTPS-II) all recommended milestone-based maintenances were carried out. Additionally, 11 engines underwent an Engine Block Top overhauling, resulting in improved operational reliability.

SGTPS-II and KGTPS-II were awarded ISO 55001 certification in recognition of excellence in Asset Management System.

Upcoming Projects

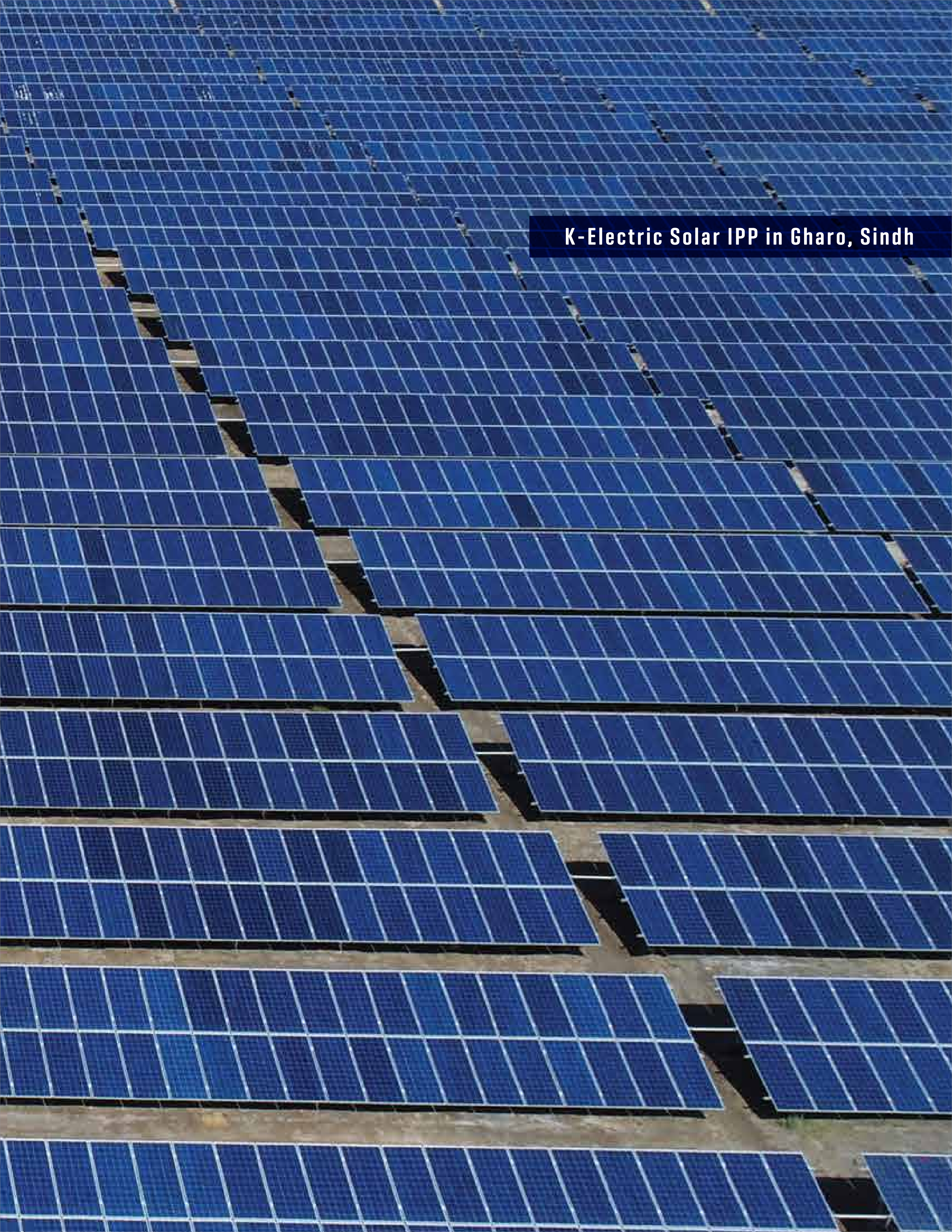
Pursuant to KE's commitment to provide efficient supply of electricity to Karachi and its surrounding areas, the Company continues to develop a diversified portfolio of medium to long-term projects to expand its energy mix.

Project contracts for the 900 MW RLNG-fired power project (BQPS-III) were concluded. Notice to Proceed (NTP) was issued to the Project Contractor during the second quarter of FY 2020 and work has been initiated at the project site. Regarding fuel supply GoP has approved the allocation and firm supply of 150 MMCFD RLNG, through PLTL/PLL, till December 2025 at OGRA notified rates. The first unit of BQPS-III is expected to come online by the summer of 2021 and project completion by the end of 2021. Despite the challenges posed by COVID-19 and the lockdown, the activity remains on schedule.

KE is currently in discussions with the Central Power Purchasing Agency (CPPA-G) and National Transmission & Despatch Company (NTDC) for a long-term Power Purchase and Agency Agreement (PPAA) through which the Company will receive upto 1,400 MW of additional base load power from the National Grid by 2023. This will require construction of two new grid stations, including at 500 kV level subject to required approvals and finalisation of contractual modalities and the expected completion time for which is around 2 to 3 years.

In an effort, to tap electricity from Captive Power Producers (CPPs), KE has received approval from NEPRA on the Power Acquisition Contract executed with Lotte Chemical Pakistan Limited for the purchase of up to 14 MW of surplus power from them. The Commercial Operations has been achieved and KE has started receiving power from Lotte.

KE continues to diversify its energy mix with Gharo Solar (50 MW) commencing Commercial Operations during FY 2020. The IPP based project is to supply power to KE under a long-term Energy Purchase Agreement (EPA). KE plans to add more renewable projects within its 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 150 MW.



K-Electric Solar IPP in Gharo, Sindh

Transmission

As of June 2020, KE's transmission network comprises 1,318 km of 220 kV, 132 kV, and 66 kV transmission lines, 70 grids, 20 auto transformers and 167 power transformers.

To continue serving Karachi's growing energy needs, KE's TP-1000 project, amounting to over USD 450 Million, was conceived to meet the growing load demand of the metropolitan city. The project is on course for timely targeted completion, with over 94% of the project completed. So far, 6 new grid stations and 26 power transformers have been energised resulting in addition of over 900 MVAs to power transformation capacity. Additionally, the state-of-the-art "Disaster Recovery Centre" (DRC) facility is also commissioned under this project which will serve as a back-up for KE's Load Dispatch Center (LDC).

Further various augmentations are planned in the upcoming years for improving network reliability and to off-take additional power from the National Grid. This includes commissioning of new 500 kV and 220 kV grid stations, addition of new transformers, transmission lines & other capacity enhancement projects.

Other Projects

By June 2020, 77 out of 80 GIS bays were overhauled as part of a three-year project and the remainder are on course for timely completion. The overhauling process will ensure improved and reliable system performance. KE has planned to bring a substantial change in rural areas of its service territory by upgrading infrastructure in these areas to meet the increasing load profile and to help economic development in these areas. In this respect, KE has planned to erect a new double 132kV circuit from Hub-Chowki to Bela grid and enhancement of grids in Vinder, Uthal & Bela from 66 kV to 132 kV level with a total cost of around PKR 7 Billion. Additionally, rehabilitation of existing 132kV and 66 kV transmission lines in this loop is also under execution, for which Phase 1 has already been started and expected to complete in FY 2021. Whereas, in parallel phase 2 would also be initiated from December 2020.

Furthermore, during FY 2020, seven new power transformers were added to the system at various locations to curb overloading. Moreover, 159 new 11 kV switches were also installed in FY 2020, which brings the total to 876 since July 2014, demonstrating the Company's efforts to upgrade the grid system. The replacement of obsolete equipment including current/potential transformers, circuit breakers and relays has also contributed to achieving a greater system reliability.

Rehabilitation of various EHT transmission lines has been done, whereby conductors insulators and associated hardware were replaced to ensure smooth network operational capability. Additionally, line cleaning activities were performed on all 220 kV and strategic 132 kV lines. More than 270 annual preventive maintenance activities were also carried out across various grid stations. Thermography (predictive maintenance) is being done regularly to prevent breakdowns. Further RTV coating on Porcelain Insulators of cable sealing ends of 220/132 kV cable circuits and coupling capacitors were also carried out to reduce maintenance outages on major power line carriers.

Distribution

With the responsibility of delivering power to over 2.9 Million customers, spread across a service area of 6,500 square kilometres, KE's distribution business continued to evolve during FY 2020.

With consistent investments across the utility's distribution infrastructure, KE has successfully managed to make over 75% of Karachi and its surrounding areas load shed free, with complete exemption to industries. Continued investments in the distribution segment has not only aided in significant reduction in T&D losses over the last fifteen years but has also improved reliability of the network.

Earlier as of March 2020, T&D losses were reduced by 2% points as compared with same period last year (FY 2019). However, significant drop in consumption in industrial and commercial consumer segments owing to COVID-19 lockdown, along with corresponding increase in consumption of high loss areas on the back of load-shed exemption and inability to carry-out theft detection activities, T&D losses by the close of FY 2020 were 19.7% as compared to 19.1% in FY 2019. However, with planned initiatives including accelerated roll-out of Aerial Bundled Cabling (ABC), KE expects to recuperate the losses of FY 2020 in FY 2021 and continue with reduction in losses.

As part of its relief measures during the unprecedented COVID-19, in addition to load-shed exemption in high loss areas, KE extended due date of electricity bills, waived late payment surcharge on delayed payment of bills and also deferred recovery of electricity bills (March 2020 to May 2020) in three installments from domestic consumers (single phase) having consumption up to 300 units till November 2020, in compliance with government directives.

Customer-centric in its approach amidst the COVID-19 challenge, KE partnered with Bykea, a leading on-demand logistics service. Under this arrangement, KE customers can request for Bykea riders to come to their homes and collect the payment for their KE bills free of charge. This initiative ensured that KE played its part in ensuring conformity with social distancing guidelines set by the WHO whilst prioritising the convenience of our valuable customers.

With the operational challenges of Karachi, including the ever-present threat of power theft via hook connections, KE continues to convert Pole Mounted Transformers (PMTs) to ABC, and to date, over 9,000 PMTs have been converted to ABC.

As part of its wider corporate sustainability and community engagement efforts, KE launched Project Sarbulandi in FY 2020. With the vision of eradicating load-shed in Karachi, Project Sarbulandi aims to improve network health in order to provide safe and reliable electricity. This will be achieved via installation of ABC, mitigation of commercial losses and uplifting of areas through community engagement activities. An effective governance mechanism has also been put in place to support investments KE has made in targeted areas.

In FY 2020, the 'Qadam Barhao' campaign was initiated with the objective of converting chronic defaulters into consistent and regular payers and offering them convenient and easy payment plans. Various recovery camps were set up in areas rampant with defaulters and power theft for customer facilitation. KE's 30 IBCs spread across the city also remained accessible to customers for this purpose.

To provide customers with instant access to their monthly bills, KE introduced 'TinyURL'. With the integration of TinyURL the bill invoicing SMS is embedded with a link which when sent to the registered number, allows customers to view a soft copy of their bills.

Public safety is a top priority of KE and, in corroboration of that, several projects have been launched to ensure the safe supply of electricity to its consumers. One of the major projects in this consideration is earthing and grounding of poles. Benefits of this project include safety against shocks, protection against lightning, protection of buildings and improved service reliability. Further to enhance overall public safety, guard wires are being installed across the overhead HT lines to prevent them from causing any unwanted situation.


KESC
KE
Energy That Moves Life
8119
www.ke.com.pk

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

Human Resources

KE continues to attract and invest in talent with the objective of increasing diversity, inclusivity and driving operational efficiencies across all levels.

To increase quality of talent within the Company, KE has initiated a series of development programs. This includes the LEAD (Leadership Exploration & Development) program which was initiated to assess, identify, and develop leadership skills amongst top performers. A key feature of the LEAD program is that it prepares leading performers for key critical positions within KE. This provides the Company with a sustainable talent pool and creates a long-term platform for succession planning. LEAD participants go through an extensive development process which enables them to take up such roles in the future.

For the first time ever, KE's Emergent Talent Program (ETP) was managed digitally in FY 2020. All management trainees were recruited via an online drive which utilised gamification and virtual interviews. KE partnered with a reputed firm for a Talent Games platform. This led to around 9,034 candidates applying for KE ETP.

KE's AZM Learning (Online Learning Management System) also continued to grow, enabling employees to take control of their learning and manage it at their own individual pace. As of FY 2020, our participation stood at 17,216 for different online and classroom sessions, and the total number of learning hours via AZM Learning were 68,017. To ensure access to learning opportunities amid an uncertain scenario posed by pandemic, a shift to microlearning through various bite size virtual programs and webinars proved to be a successful initiative, ensuring continuous learning and engagement.

Vitality and employee well-being have always been central at KE. With the COVID-19 pandemic resulting in Work from Home (WFH), it became even more pertinent for the Company to stay engaged with employees. In April, KE's HR, with the support of Health and Marketing & Communication functions, launched the 'Stay Safe Stay Healthy' initiative. With the aim of continuously driving employee engagement and ensuring they become KE's greatest advocates, the drive focused on ensuring employees physical and mental well-being, as they adapted to the new normal. The drive included webinars on social, mental & physical health, online workouts, yoga sessions and a BMI Challenge. Awareness drives were also held, such as on World Environment Day.

Also, as part of our diversity and inclusion initiatives, KE conducted a thorough analysis of positions that can be suitably filled by female employees. Specific work parameters were taken into consideration while identifying female-oriented roles. Female employees account for close to 4% (375 out of 10,665) of the total staff at KE. Approximately 8.3% (224 out of 2,690) assistant manager and above positions are held by females. And around 2% (151/7975) of women are at officer and management trainee level holding technical positions as well. Overall, the percentage of women getting promoted is increasing over the past eleven years. From 2009 to 2020, the percentage of female workers getting promoted has increased from 0.9% to 5%.

In FY 2020, KE took an important step and brought its childcare assistance policy in line with global best practices. In accordance with the new policy, now all eligible working mothers can apply for monthly reimbursements amounting to PKR 15,000 per family, for availing 'caregiver at home' allowance. Furthermore, eligible working mothers who wish to avail a day-care facility can hire an external day-care service of their choice and receive upto PKR 15,000 per month, per child as reimbursement from the Company.

KE has also partnered with WePOWER, a women's professional network in Energy and Power Sector in South Asia, that collaborates with World Bank to support women's participation in energy projects and institutions and promotes normative change regarding women in Science, Technology, Engineering, and Mathematics (STEM) education.

The platform has produced a case study to showcase KE's efforts in promoting gender diversity within the organisation and that will be published on their official platforms. For this particular case, the World Bank worked closely with Harvard Business School (HBS) to do a series of SAR Gender and Energy Business Case Studies Series that employs a data-driven approach and builds on anecdotal evidence-based studies in the past. This study is the first step towards gathering data to measure impacts for evidence for gender diversity and performance in energy sector utilities.

Customer Experience

KE continued to initiate and execute projects aimed at creating a greater customer experience in FY 2020. With ease and convenience as the core driver, the organisation has implemented several technology-driven initiatives. KE's traditional customer services platforms of 118 and 8119 SMS continue to be the main drivers of customer engagement. During FY 2020, 85% of customer queries 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, to augment the customer journey, KE launched its first mobile application and consumer portal, 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 second quarter of FY 2019.

As of date, KE Live downloads have reached over 175,000, available on iOS and Android platforms. The application gives users access to several useful features, such as billing details with historical data, duplicate bill download, as well as integrated unit consumption comparative graphs. Other features include current power status, 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. As of now, more than 400,000 complaints have been resolved via KE Live which shows overwhelming response by our customers as it becomes the most convenient platform to reach out at K-Electric.

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

The value of engaging with and forming permanent relationships with the communities it serves is an intrinsic part of KE's Corporate Social Responsibility (CSR) DNA. The work we do enables the organisation and communities around it to grow together.

KE's CSR framework focuses on creating positive impact for communities and partnering with other organisations working for the betterment of Karachi and its surrounding areas. Key areas of focus for KE are education, health, environmental sustainability and infrastructure development (such as improving/upgrading electricity infrastructure, installing of safe and reliable theft resistant ABC, providing low-cost energy meters on easy installments, setting up new PMTs and facilitating health and potable water provision).

Uplifting communities we serve is a central part of KE's CSR program. With the dual purpose of improving the social and environmental footprint in high loss areas, KE launched Project Sarbulandi. This project is set to enable KE to reduce losses by increasing awareness amongst targeted communities and engaging with them to combat power theft and other operational challenges known to impact the quality of life in targeted areas. As of date, Project Sarbulandi has positively affected 5 Million people across 384 communities.

KE continued to engage with community influencers for conducting free health camps with provision of basic medicines, setting up of water filtration plants clean and green drives, public awareness drives and promotion of sports.

In FY 2020, over 8,000 community residents were treated for free at health camps across Landhi, Korangi, Surjani, Orangi, Liaquatabad and Nazimabad etc., whereas more than 260 patients were provided tertiary care. Additionally, four water filtration plants were installed so that communities could access clean drinking water. KE also organised five sporting tournaments at the community level where around 300 members of the local communities participated. Two sports grounds and community parks have also been renovated to promote healthy and better living.

KE has also sponsored a new bulk supply connection of 4.5 MW to Jinnah Post graduate Medical center and Patient Aid Foundation, with an investment of approximately PKR 60 Million. The new connection was given to power up a 14-storey state-of-the-art OPD surgical complex.

During the COVID-19 crisis, KE played its part by allocating space on consumer bills for public awareness messages which reached over 2.9 Million customers across the city. We also partnered with SINA and Hands, to build capacity and facilitate the community health centers located at various underprivileged and densely populated communities. Through this initiative, the health centers could provide firsthand COVID treatment and also communicate basic precautions for COVID at the community level.

KE's Plant for Pakistan program continued to grow. As of FY 2020, the utility has planted over 200,000 trees, including 50,000 mangroves along the Somniani coastline in Balochistan. This initiative will offset around 2,700 metric tons of carbon output annually, thus improving air quality. KE also donated plants to create green zones in IBA, IoBM and Barrett Hodgson University. The Company also collaborated with the Mazar-e-Quaid, PAF, Pakistan Navy and Pakistan Rangers for various plantation drives.

KE has also conducted various clean-up activities in collaboration with the local community stakeholders. This included the pilot of a replicable community-based waste management system. This resulted in the successful removal of over 25 tons of waste from Ibn-e-Insha Park, Nazimabad. Another example of KE's partnership with the local community was at Gulshan-e-Hadeed, Bin Qasim town. KE teams were on ground to clean up the locality. DMC assisted with disposal of collected garbage and the local area's MNA assured that garbage cans will be placed in order to encourage a cleaner environment.

Energy Management Initiatives

KE's Energy Conservation (EC) aims to facilitate consumers in conserving energy. This includes awareness campaigns and voluntary load curtailment initiatives by educating and organising free of cost audits for its energy intensive consumers. Power Factor Improvement Program (PFIP) is another key area with effective operational optimisation both at the utility and consumer end.

A key component of KE's EC initiative lies in recognising the youth as the leaders of tomorrow and inculcating a concept of energy conservation and its benefits at the grassroot level. A comprehensive age-appropriate School Awareness Campaign is in place for children of different grades. The program focuses on educating children on sustainable energy practices from an early age. To mobilise children towards energy conservation, KE's EC team participated at the Children's Literature Festival organised by OUP, Idara-e-Taleem-o-Aagahi and Sindh Education Department.

Workshops and training sessions were conducted at universities and other organisations to impress upon principles of energy conservation and educate youth about the importance of financially and environmentally efficient energy consumption.

KE's EC team launched a competition, i.e. Energy Smart Challenge, for architecture students of a reputable school in Karachi. Several informative sessions were held on carbon footprint reduction, green building codes and net metering. Students were awarded for their efforts in creating sustainable building designs, energy efficient plans and the best residential architecture plan. The best efforts received honorary mentions and these students were also gifted academic books on energy efficiency.

Residential consumers have been an important audience for implementing conservation initiatives. KE's EC team initiated a series of interactive sessions for household women in collaboration with several vocational training institutes and colleges on smart energy usage and how to adopt an efficient lifestyle. The sessions highlighted the energy consumption patterns of different home-based appliances and tips using them efficiently to conserve energy. The sessions also aimed to educate women on better understanding their power bills. During FY 2020, more than 120,000 consumers pledged to conserve energy.

As part of KE's EC Technical Assistance initiatives for the industrial sector, a set of tailored recommendations based on global standards, including ISO 50001, with financial payback information is provided to external consumers.

During the year, under the Energy Management Framework of ISO 50001, KE's EC teams conducted 23 energy audits for different industrial and commercial customers. Customers who have optimised load based on EC team's recommended energy management solutions led to a combined carbon footprint reduction of 6,847 MT CO2/annum

In FY 2020, 650 PFIP surveys were conducted. These resulted in a release of 58 MVA of apparent power and a carbon footprint reduction of 63,684 MT CO2/annum. Under PFIP, surveys were conducted for consumers who were charged with medium-to-high Power Factor (PF) penalties in their respective monthly bills. The program is designed to counsel and advise consumers about the benefits of PF improvement. It also aims to improve the quality of power supply and voltage profiles.

In FY 2020, KE actively engaged with consumers and registered 826 applications in line with NEPRA's net metering guidelines. In FY 2020, around 700 bi-directional meters were installed whereas since inception, 1166 cases have been registered with total PV injection of 21 MW.


CONSERVATION IS
I CONSERVE ENERGY. DO YOU?
SAVE OUR PLANET GO GREEN!

Project Sarbulandi

As part of its wider corporate sustainability and community engagement efforts, KE launched Project Sarbulandi in FY 2020. With the vision of eradicating load-shed in Karachi, Project Sarbulandi aims to improve network health in order to provide safe and reliable electricity. This will be achieved via installation of Aerial Bundled Cables (ABC), mitigation of commercial losses and uplifting of areas through community engagement activities. An effective governance mechanism has also been put in place to support investments KE has made in targeted areas.

In the first phase of the project, six high loss areas were brought under the ambit of Project Sarbulandi. Another six are planned for completion by the end of FY 2021. Phase one targeted Korangi, Landhi, Orangi, Surjani, Nazimabad and Liaquatabad. Phase two will bring Baldia, Gadap, Malir, Lyari, and the remaining sectors of Orangi and Surjani into the fold.

Through the project, KE aims to positively engage with and impact the lives of ten Million people by engaging the communities through initiatives such as provision of clean drinking water, clean up drives, hosting of health camps and rehabilitation of basic infrastructure. As part of its aim to uplift the areas, KE committed to hire for 800 different positions, for which applications will be sourced from areas where Project Sarbulandi is active. Furthermore, close to 8,000 people have received free treatment at healthcare camps organised by KE, while many consumers have received able support on their outstanding dues to ease their transition towards the non-defaulting customer category.

The focused areas lie mainly within Karachi's periphery, but these locations also account for sizeable portion of the city's landmass. The varied dynamics of these areas pose a myriad of challenges that are unique, since these areas contain densely populated pockets of low income, hard to access areas spread across a large region.

Currently, unplanned settlements, accompanied by an abundance of illegal hook connections are resulting in extreme resistance for KE's teams working on the project. The aforementioned hook connections are a serious threat to Karachi's power network health.

Despite the challenges faced by the teams, and the unprecedented conditions during the year, the project has managed to positively affect more than five Million inhabitants, by reducing load shed duration by upto 4.6 hours on average. This was made possible through the conversion of over 1,000 PMTs to ABC, provision of low cost meters to over 100,000 customers and over PKR 2 Billion in relief to these consumers.

Health Safety, Environment and Quality

KE's Health, Safety, Environment and Quality (HSEQ) team is responsible for providing safety oversight of all operational activities, conducting safety training programs, fire drills, environmental compliance, quality inspections and promoting ownership of safety responsibilities.

In its efforts to enhance safety standards and safety culture, KE is focusing on aligning a safety enhancement journey toward a world class safety system. The outcome will be a Process Safety Management System, with focused interventions, to address identified risks and systemic gaps, and to ensure proper alignment on safety strategic objectives and expectations down the organisation.

In FY 2020, 3,162 safety inspections/behavior-based safety walks were carried out to monitor compliance against national safety regulations & laws, company safety policies, departmental procedures, and best practices. During these inspections, 14,525 observations were highlighted out of which more than 80% observations were found compliant.

KE's Safety Initiatives and Improvement programs includes; HSE – Orientation Training Program through which a total 1,021 new employees were trained across KE; Emergency Response Preparedness; Leadership Visibility, a total of 47 safety walks were conducted by the Chief Distribution Officer and other department heads in the field; Public Safety Initiatives, a total of 557 public safety hazards were reported via KE's website, which were immediately addressed and mitigated;

Safety Awareness Sessions; KE teams visited 135 different schools, 190 masjids/Imambargahs and conducted safety awareness sessions for all ages. Approximately 11,000 individuals were addressed in these sessions, In addition, HSE Advisories, Internal HSE precautionary messages are issued regularly in the Company to ensure safety. Some of the critical messages addressed issues such as "Heat Wave", "World Hand Hygiene Day" and "Work from Home during Coronavirus.''

Fire safety also forms an essential element of HSE, Regular monitoring is carried out for all installed fire extinguishers, fire alarm system, fire suppression system and fire fighting system. In FY 2020, 29 fire safety inspections were carried out and 97 observations were recorded out of which 80% were compliant.

Additionally, health & hygiene activities include, hygiene card examination of non-management (NMS) staff, hygiene inspection and first aid/CPR trainings. HSE trainings and awareness are also an integral component of HSE culture and the HSE management system. Therefore, trainings are planned and conducted regularly. Topics such as occupational health and hygiene, first aid/CPR techniques, HSE risk management, work permit system for transmission line outages, risk assessment processes, HAZOP, awareness of fire alarm systems, ERP, fire extinguishers and fire hydrant systems and many more. The objective is to cultivate a strong HSE culture among staff and to meet health and safety challenges. In total, 14,195 staff attended trainings in 36,310 man-hours.

KE has ensured compliance with all the applicable environmental laws and legislations during planning, construction, and operation phases. Environmental Impact Assessments are conducted for new projects. Smooth monitoring and strict supervision with conditions of approval is ensured at the construction sites. Activities impacting the environment are carefully measured and monitored at all five power plants. The compliance status is validated through independent monitors. Environmental performance is measured and enhanced through a system of biannual environmental excellence audits, procedures and trainings respectively.

KE also eliminated polychlorinated biphenyl from its system to comply with Stockholm Convention in partnership with Ministry of Climate Change, Pakistan, United Nations Development Program (UNDP) and Global Environmental Facility (GEF).

HSE Internal Awards 2019-20 included a total of 164 monthly safety rewards awarded to staff in recognition of their sustained safety performance promoting a safety culture within the Company. KE also conducted its 10th "Annual Safety Leader" award for all Business Units to acknowledge departments which outperform others in achieving safe working conditions for employees and workplace, promoting a safe culture. These awards are conferred on departments (Generation Plants, Distribution, Grid & Transmission, Support Departments, and high and low occupancy locations/premises).

Corporate Governance

Board of Directors' Role

K-Electric Board of Directors is comprised of thirteen (13) members including one Independent Director, three GoP nominated Directors and nine Directors nominated by KES Power Limited (KESP) which is the holding company of KE. The Board of Directors was last elected by the shareholders at the AGM of the Company held on 30 July 2019 for a three-year term which will expire on 29 July 2022. The Board is as such accountable to the shareholders for discharge of its fiduciary functions in the best interest of the Company. The Board is fully aware of 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, report & recommendations of Audit Committee, business policies and good corporate governance practices, ethics, values and code of conduct & code of corporate governance, 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 2019 , SECP strict oversight, PSX enhanced regulatory framework and entailing comprehensive and time-lined governance, compliance, reporting and disclosure environment in relation to corporate and other actions. KE Board of Directors is fully aware and cognizant of its duties and responsibilities and, for the purpose, has constituted a number of Directors' Committees, listed at company information page, to oversee entire functional ambit of the Company and formulate objective recommendations for consideration of the Board.

The Board is fully aware of its role in between the responsibility and authority matrices of the management and the shareholders; the delicate balance is kept intact by not involving in day to day management of the Company and simultaneously obtaining all shareholders-related statutory approvals in a timely manner. The Board of Directors exercises managerial oversight to provide strategic guidance, whereas day to day management and performance of the Company are responsibility of executives. It is management's fundamental responsibility to implement the policies, guidelines and strategic direction laid down by the Board aiming to achieve 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)

The Board recognises importance of entrusting the positions of Chairman and CEO in separate persons and observes , in letter and spirit, emphasis laid on the subject under the provisions of Companies Act 2017 (Section 192) and Code of Corporate Governance 2019 (Regulation 9). As a matter of fact and corporate policy, the Company has been electing/appointing, for more than last two decades, separate persons on the positions of Chairman and CEO. Further, the respective roles and responsibilities of the Chairman and CEO are distinct, clearly defined and essentially based on the provisions of the Companies Act 2017 and CCG 2019.

The Chairman is a Non-Executive Director and provides leadership to the Board and ensures that the Board plays an effective role in fulfilling its responsibilities to achieve short, medium and long term objectives of the Company to benefit all the stakeholders. The Chairman presides 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 its committees' meetings, level of participation and value addition through suggestions and recommendations. During the year under review, the Board has engaged PICG to undertake an independent performance evaluation of the Board, its committees and individual Directors. 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.

Insofar as the role and responsibilities of CEO are concerned, CEO assumes the ultimate responsibility of leading the management, operational performance of the Company, handling the 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. CEO is further responsible to present and update the Board, on regular basis, key performance indicators, governance and other issues, if any facing the Company and way forward to align and achieve objectives of the Company.

Board's Performance Evaluation

The Board is fully aware of critical importance of role of the Board itself in setting strategic direction and realising long term objectives of the Company and positioning the Company among the peers. The strength of KE Board is its composition which predominantly includes professionals of high repute representing various work streams possessing diversified experience and expertise and fully believe in the importance of globally recognised best practices of good corporate governance. Providing upfront leadership and setting high performance standards & values, are the core ingredients and hall mark of Board's vision and strategic policy.

The Board has firm belief and conviction that a formal, objective and effective mechanism for annual evaluation of the Board's own performance, its committees and of individual members should be in place. The process was initiated a couple of years back when 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. Further, 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 external independent consultant. The Board has recently engaged external independent consultant, Pakistan Institute of Corporate Governance (PICG), for the purpose. PICG has commenced the evaluation process which include questionnaire, interview, open discussion with individual/group of Directors mainly focusing on some of the specific questions relating to performance and conduct of the Board.

At the core, the Board's performance evaluation is based on how effectively and efficiently the Board as a body discharges its fundamental responsibility to safeguarding and enhancing shareholders' value, setting policy framework, strategic direction, oversight, control and good corporate governance. Further, KE being a public utility in the private sector, remains under active focus of over 25 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 and social media and customers' direct feedback through emails and other modes, in relation to key performance indicators such as load-shed, tripping & breakdowns and billing & customer services related issues which are used as a yardstick to judge and evaluate the Company's as well as the Board's performance.

Alongside, an informal Board's performance evaluation mechanism is also in place, for years together, essentially based on meaningful participation objective input of and value addition by Executive, Non-Executive and Independent Directors.

The Board evaluates its performance in an objective manner on a regular basis, based on 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 in comparison of 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 an integral 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, "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 emphasis on 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 to successful achievement of strategic objects and implementing long-term business plan of the Company to benefit all stakeholders. Simultaneously, direct interaction of the Board members and management with the shareholders at general meetings of the Company is a useful opportunity to guage performance of the Board & Company and benefit from valuable suggestions of the shareholders.

CEO's Performance Review by the Board

The position of CEO is a key position in the Company which significantly impacts performance of the Board and the Company to materialize business plan and achieve operational, financial and strategic objectives of the Company. CEO is primarily responsible to effectively liaise between Board and management and to ensure 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 improve Company's performance to benefit all stakeholders. Key Performance Indicators (KPIs) and responsibilities of CEO broadly 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. CEO's KPIs are currently under review at the level of Board Human Resource & Remuneration Committee (BHR&RC) to update, document and align with current developments and challenges facing the Company.

The Board, on BHR&RC's recommendations, appoints CEO for a three-year term, BHR&RC is also mandated for CEO's performance evaluation for consideration of 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 encompassing operational and financial performance of the Company and key issues, major projects, opportunities and challenges facing the Company, suggesting the way forward and seeking Board's guidance to address the issues to uphold interest of the Company. Invariably, the Board in every meeting, reviews an implementation report on 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.

As a matter of fact, CEO's performance evaluation by the Board provides constructive support and guidance 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 in comparison with preset strategic, operational and financial goals, and effective implementation of strategic decisions and policies of the Board. Furthermore, sufficient details on Company's overall performance, governance structure and control environment are part of 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.

Current CEO, Syed Moonis Abdullah Alvi was appointed as CEO in June 2018, Mr. Alvi has a long association with KE since 2007 and assumed various important positions in the Company including Company Secretary, CFO and was instrumental in steering the Company out of extremely difficult operational and financial situation and staging turnaround in FY 2012. The Board in recognition of Mr. Alvi's outstanding performance spreading over a decade, elevated him to the position of CEO.

Conflict of Interest Policy

The Board of Directors of the Company categorized conflict of interest policy among the highest priority areas and sets main emphasis on its enforcement in letter and spirit across the company. The policy envisages identification, monitoring and management of conflict of interest relating to Board members and officers of the Company. The Company's policy is fundamentally driven through the direction and guidelines provided by the Companies Act 2017 and Listed Companies (Code of Corporate Governance) Regulations. Additionally, the policy is further strengthened through a comprehensive 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. Conflict of interest policy is at the core of code of conduct as the Board is fully cognizant of and firmly believes that this is an integral part of good corporate governance.

It is mandatory for every director, to provide to the company, at the time of his/her appointment along with consent, 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.

Similarly, it is also mandatory for every officer of the Company who is in any way, directly or indirectly, concerned or interested in any contract or arrangement with the Company to submit a signed notice of interest disclosing his/her interest as above and obtain approval of the Board prior to entering into any such contract or arrangement. Discussion/decision on the said notice of interest is duly recorded in the minutes of meeting and entered into statutory register maintained for the purpose and audited by statutory auditors. 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 subject policy of the Company is fundamentally based on recognition on the part of the company to equity contribution, irrespective of quantum of investment, of present and prospective investors who collectively form capital base of the Company. The Company informs and updates, on a regular basis, the shareholders and investors on Company's affairs. In order to achieve the said objective, the Company maintains and updates 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.

Alongside, all material & price sensitive information and disclosures are timely updated on Company's website with simultaneous statutory corporate announcements through SECP and PSX. Insofar as specific queries of the shareholders and investors including grievances and requests for information are concerned, these 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). Further, 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 is a 107 years old company incorporated way back in 1913 and carries historical and valuable records relating to over a century period reflecting various areas from pre partition, post partition, nationalization to privatization. In view of KE's unique position and historical background and a public utility company, fully recognizes importance of preservation and safety of its records and therefore the policy of the Company for safety of records is primarily designed to preserve the essential documents for periods beyond the statutory time limits set under the Companies Act 2017. Given the age of the Company and periods when electronic means and facilities were practically non-existent, most of the records was 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 categorize 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.

All the functions and departments across the company are engaged in the above identification and categorization process relating to their specific activity area. Based on above identification and categorization process. valuable original property title documents, constitution documents, key agreements and others are prioritized for permanent safe custody in fire-proof cabinets.

Further, a computerized 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 digitization/screening and scanning process was undertaken a few 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, economize 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 created a direct communication bridge between the leadership and the employees through various communication mediums which include confidential email address, PO BOX and hotline. KE employees can directly report misconduct or any 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 topic or idea. 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

At KE, strategic, operational and IT related risks are assessed and reviewed regularly. The Board and the Leadership team ensure that mitigation actions for all key risks are implemented in a timely manner to minimise any adverse impacts that may occur from such risks.

Disaster Management Plan

Furthermore, effective business continuity management plans are in place to ensure all key functions of the organisation are able to maintain, or quickly resume, critical business activities after a disaster has occurred. The management has maintained the disaster recovery/business continuity plan to ensure availability to ensure availability of critical services, systems and process in disaster situations. This plan is regularly checked and updated throughout the year.

Report of the Board Audit Committee

Composition

The Board Audit Committee (BAC) comprises of 3 Non-Executive Directors and 1 Independent Director who is also Chairman of the BAC.

Role of the 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. The terms of reference of the Committee are duly approved by the Board and are available in the annual report.

Committee's Procedures

The Committee reviews the Company's financial performance, key performance indicators and internal audit reports. The Committee met five times during the financial year ended June 30, 2020. In compliance with the corporate governance guidelines, the Committee meets external and internal auditors at least once in a year without the management team.

Internal Audit

Internal Audit (IA) at KE is regarded 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. The Committee met with the Chief Internal Auditor and key members of the IAD without the management team.

External Audit

The external auditors of the Company have completed their audit and review of the Company's Financial Statements and Statement of Compliance with Code of Corporate Governance for the financial year ended June 30, 2020 respectively. The Committee has reviewed and discussed key audit matters and observations with external auditors, and they have been allowed direct access to the Committee to ensure their independence and objectivity. The Committee also met 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 auditor to the Board.

Mr. Khalid Rafi

Chairman, Board Audit Committee

October 27, 2020

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2019

K-Electric Limited

for the year ended June 30, 2020

The Company has complied with the requirements of these Regulations in the following manner:

1. The total number of Directors as at June 30, 2020 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

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including the Company.

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 by the Company.

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 Act and these Regulations.

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 the Companies Act, 2017 (the Act) and these Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.

9. At present, out of thirteen (13) Directors on the Board, 7 Directors have acquired the Directors Training Program Certifications.

10. During the year ended June 30, 2020, there was no fresh appointment of the Chief Financial Officer (CFO), Company Secretary and Chief Internal Auditor (CIA). Further, revision in the remuneration of the CFO, Company Secretary and the CIA for the year ended June 30, 2020 was made as per the Company policy in line with their terms of appointment.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

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
3	Mubasher H. Sheikh	Member
4	Syed Asad Ali Shah Jilani	Member (w.e.f. February 28, 2020)
5	Adeeb Ahmad	Member (up to February 28, 2020)

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

1	Khalid Rafi, Independent Director	Chairman
2	Ch. Khaqan Saadullah Khan	Member
3	Shan A. Ashary	Member
4	Syed Moonis Abdullah Alvi, CEO	Member

c. Board Finance Committee (BFC)

1	Ruhail Muhammad	Chairman (w.e.f. February 28, 2020)
2	Ch. Khaqan Saadullah Khan	Member
3	Dr Ahmed Mujtaba Memon	Member
4	Shan A. Ashary	Member (Chairman up to February 28, 2020)

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

1	Ch. Khaqan Saadullah Khan	Chairman (w.e.f. April 9, 2020)
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
7	Khalid Rafi	Chairman & Member (up to April 9, 2020)

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 9, 2020

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

13. The Terms of Reference (TORs) of the BAC, BHR&RC, BFC and BS&PC have been formed, documented, and advised to the committees for compliance.

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	-	2	5
b.	Board Human Resource & Remuneration Committee (BHR&RC)	-	1	1	2	4
c.	Board Finance Committee (BFC)	2	1	1	1	5
d.	Board Strategy & Projects Committee (BS&PC)	5	1	1	1	8
e.	Board Risk Management Committee	-	-	-	-	-
f.	Board Regulatory Affairs Committee	-	-	-	1	1

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 statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Chief Internal Auditor, Company Secretary or Director of the Company.

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

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of these Regulations have been complied with except for the matters stated in paragraphs 1, 2 and 14 above, which are explained below:

    i. The Company is in process of addressing the matter of appointment of at least one female Director on the Board.

    ii. Election of Directors was delayed for want of clarity from GOP on composition of Board post privatisation (including number of Independent Directors) in relation to Directors elected on Government of Pakistan (GoP) nominations. Further, the Securities and Exchange Commission of Pakistan's (SECP) order disallowing the Company's request for relaxation on the matter of number of Independent Directors is currently pending adjudication before the SECP Appellate Bench. The Company had sought relaxation as it already had one independent director and three directors elected on GoP nomination.

    iii. Meeting of the BAC could not be held during 3rd quarter notwithstanding that notice of the meeting was issued in time, however, the meeting had to be postponed due to lockdown situation amid COVID-19 pandemic. The meeting was subsequently held on April 8, 2020.

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 is below:

    - Related party transactions for the first three quarters were placed before the Audit Committee and the Board of Directors for their recommendation and review and approval subsequent to the year-end simultaneously with the placement of the respective quarterly financial statements of the Company.

For and on behalf of the Board of Directors

Shan A. Ashary
Chairman

Syed Moonis Abdullah Alvi
Chief Executive Officer

Karachi, October 27, 2020

Independent Auditor's Review Report

To the members of the K-Electric Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of K-Electric Limited (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 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 enough 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. 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.

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, 2020.

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

S. No.	Reference	Description
(i)	Paragraphs 1 & 18	The Board of Directors of the Company does not have a female Director.
(ii)	Paragraphs 2 & 18	The number of Independent Directors on the Board of Directors of the Company is only one.
(iii)	Paragraphs 14 & 18	No meeting of the Board Audit Committee of the Company was held during the quarter ended March 31, 2020.

A. F. Ferguson & Co.
Chartered Accountants
Karachi,

November 02, 2020

Statement of Compliance with the Issue of the Public Offering Regulations, 2017

This Statement is being presented to comply with the requirements under the Public Offering Regulations, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP). This Statement of Compliance (the Statement) is for the year ended June 30, 2020.

The financial arrangements, contracts and transactions, entered into by K-Electric Limited (the Company) in respect of PKR. 22,000 million Sukuk-ul-Shirkah for the year ended June 30, 2020 are in compliance with the Sukuk features and Shariah requirements in accordance with the Public Offering Regulations, 2017.

We also confirm that:

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

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

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

The Sukuk features and Shariah requirements shall mean the following:

- Compliance with the requirements of the Fatwa (Shariah opinion) dated February 6, 2015 issued by Shariah Advisory Board.

- The Company's compliance with Shariah principles in terms of the documents listed in Fatwa dated February 6, 2015.

- Compliance with the Issue of Public Offering Regulations, 2017 issued by the SECP.

Syed Moonis Abdullah Alvi
Chief Executive Officer

November 02, 2020

Independent Assurance Report to the Board of Directors on the Statement of Compliance with the Public Offering Regulations, 2017 for the Year Ended June 30, 2020

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 Public Offering Regulations, 2017 as notified by the Securities and Exchange Commission of Pakistan (SECP) for the year ended June 30, 2020 (the Statement).

Applicable Criteria

The Criteria for the assurance engagement against which the underlying subject matter (the Statement) is assessed comprise of compliance with the features and Shariah requirements of Sukuk in accordance with the requirements of the Public Offering Regulation, 2017. Our engagement was carried out as required under Regulation 13 of Chapter VII of the Public Offering Regulations, 2017 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 Public Offering Regulations, 2017 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 firm 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 maintains 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 Public Offering Regulations, 2017 and is free from material misstatement.

The procedures selected by us for the engagement depend on our judgement, including an assessment of the risks of material non-compliances with the Criteria. In making those risk assessments; we have considered internal control 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, 2020;
- 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 Public Offering Regulations, 2017.

Restriction on use and distribution

This report is issued in relation to the requirements as stipulated under regulation 13 of Chapter VII of the Public Offering Regulations, 2017 and is not to be used or distributed for any other purpose. This report is restricted to the facts stated herein and the annexed Statement.

A.F. Ferguson & Co.
Chartered Accountants

Karachi, November 02, 2020

Major Business Risks and their Mitigation

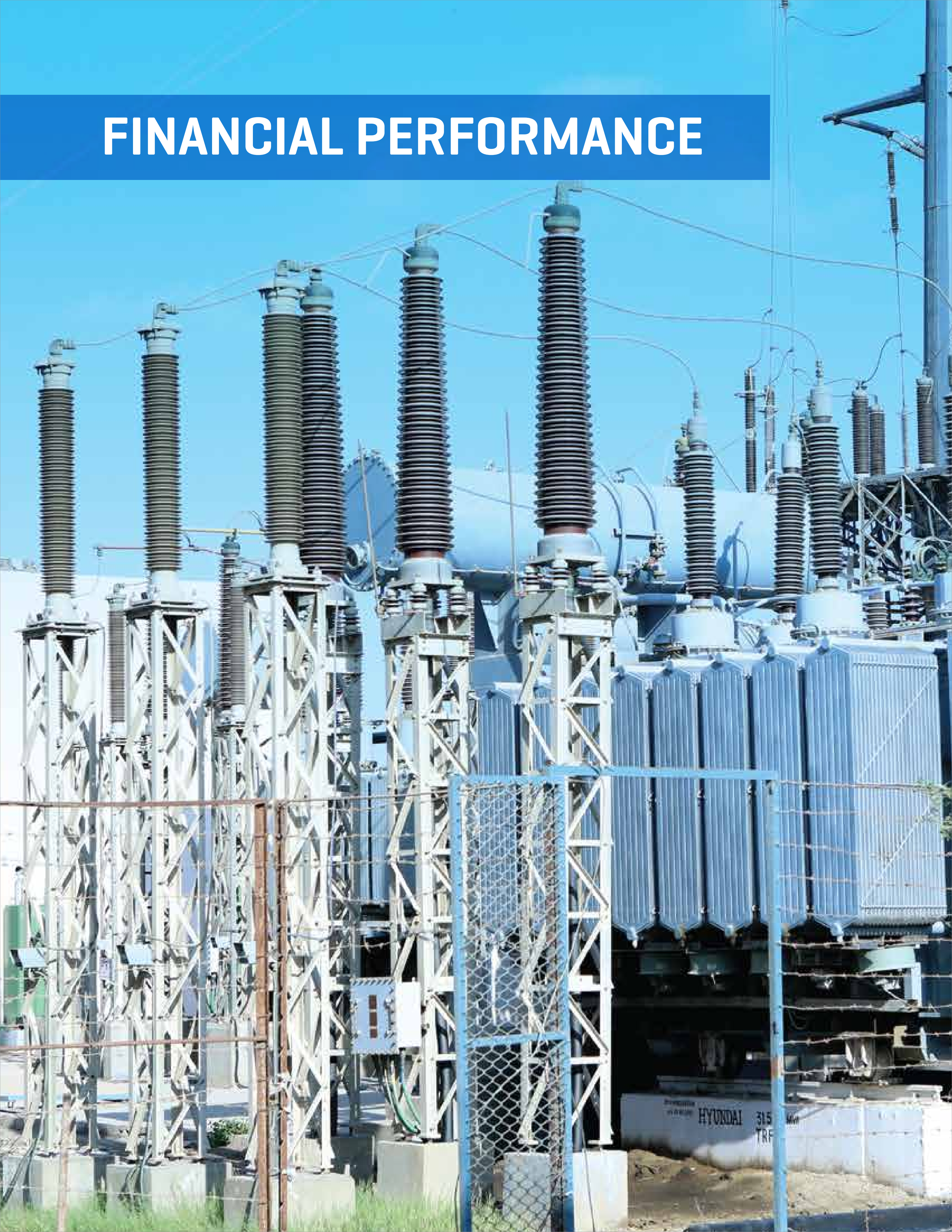
KE is conducting business in a complex and challenging regulatory environment and is therefore exposed to a number of external and internal risks that may present threat to its success and profitability. Every business decision taken is based on the underlying risk against rewarding opportunities.

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 maintenance system in place. • Periodic inspection/maintenance/upgradation of machines and related systems
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 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 • 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 advices obtained in support of KE's stance on implementation/interpretation with NEPRA, wherever required.
Safety and climate risk	• Implementation of safety standards with compliance of ISO 9000, ISO 14000, and OHSAS 18000 in Generation. • Insurance policy covers assets against major possible risks. • Established disaster recovery/business continuity plans in place.

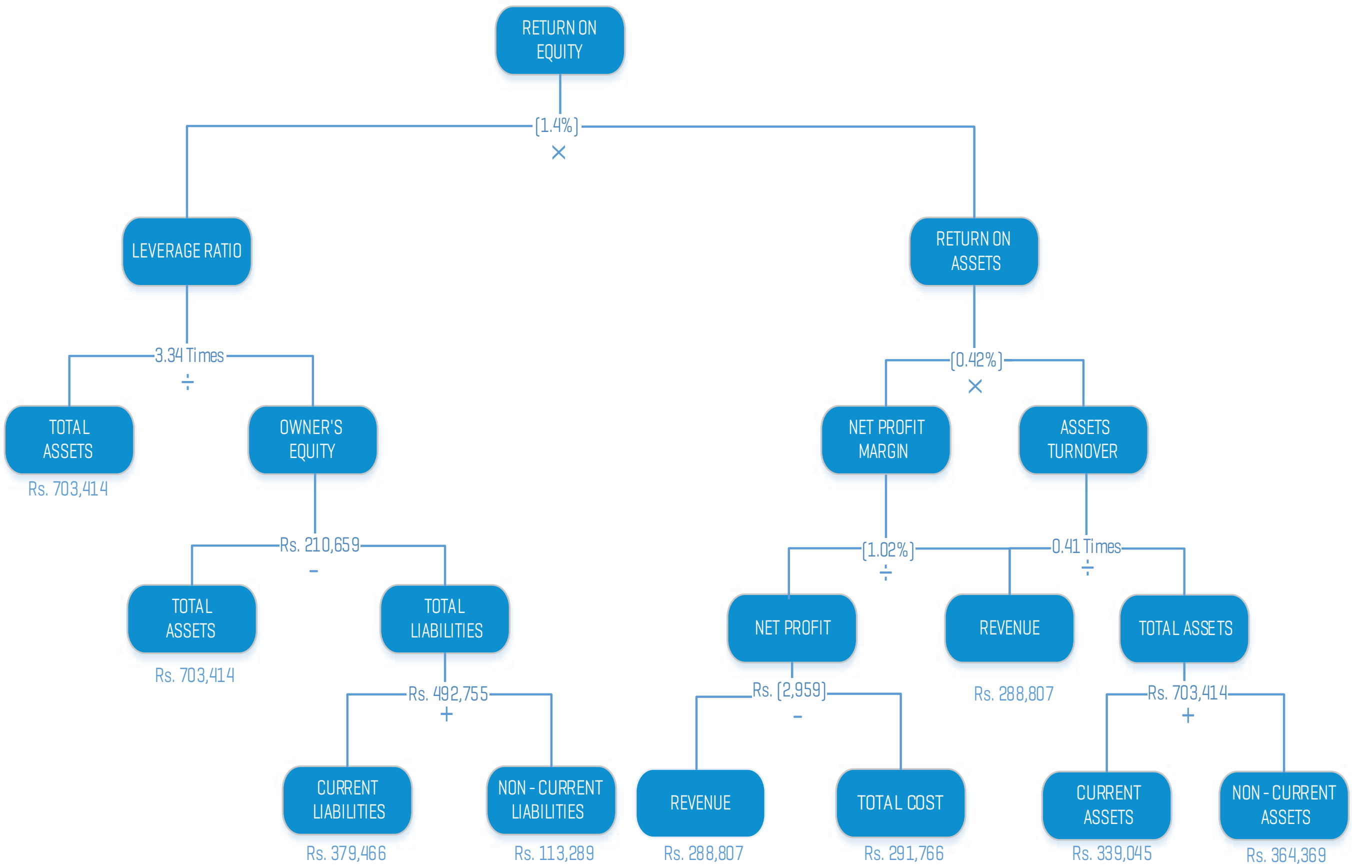
Major business risk	Mitigating factors/actions in place
Law and order situation	● Increased security for employees at Business Centers. ● Controlled operations under security alert in case of potential threat
Foreign currency exchange rate and interest rate risk	● Managed actively by hedging open positions 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 corporate values. ● An organisation-wide vision and value training program 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 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	● Succession planning has been emphasised at all levels throughout the organisation, together with culture of employee training and development ● Various talent induction programs are 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.

FINANCIAL PERFORMANCE



DuPont Analysis for the Year 2020

(PKR in millions)



Six Year Performance

Description	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
OPERATIONAL PERFORMANCE			(Units in GWh)			
Units Generated - Gross	9,318	10,323	10,147	10,338	10,727	10,358
Units Generated - Net	8,614	9,563	9,374	9,557	9,928	9,629
Units Purchased	7,497	6,981	7,206	7,862	7,769	8,158
Units Sent out	16,111	16,544	16,580	17,419	17,697	17,787
Units Billed	12,294	12,865	12,981	13,860	14,318	14,277
T&D loss (in percentage)	23.7%	22.2%	21.7%	20.4%	19.1%	19.7%
SUMMARY OF STATEMENT OF PROFIT OR LOSS			(RUPEES IN MILLIONS)			
	Restated	Restated				
Revenue	194,755	188,607	183,855	217,127	289,119	288,807
Purchase of electricity & consumption of fuel and oil	131,437	111,576	123,132	149,325	215,770	219,470
O&M Expenses	37,396	50,592	56,264	57,194	60,712	60,156
Gross Profit	47,660	57,155	39,521	45,297	50,706	43,893
Financial Charges	9,760	5,100	3,609	3,236	6,285	16,737
Other Income / (Charges)	3,003	3,611	7,862	6,348	2,531	7,914
Profit before Finance Cost	28,925	30,051	12,321	16,956	15,167	17,096
Profit before taxation	19,165	24,951	8,712	13,719	8,883	359
Profit / (loss) after taxation	32,413	31,807	10,419	12,312	17,274	(2,959)
EBITDA	38,426	43,035	25,818	32,422	31,236	36,684
SUMMARY OF STATEMENT OF FINANCIAL POSITION			(RUPEES IN MILLIONS)			
	Restated	Restated				
Non-Current Assets	214,039	223,576	237,981	277,733	326,857	364,369
Current Assets	166,762	154,222	157,962	195,965	272,008	339,045
Total Assets	380,801	377,798	395,943	473,698	598,865	703,414
Share Capital & Reserves	139,559	171,288	184,316	207,293	214,490	210,659
Non - Current liabilities	66,164	60,532	53,822	60,451	89,027	113,289
Current liabilities	175,078	145,978	157,805	205,954	295,348	379,466
Total Equity & Liabilities	380,801	377,798	395,943	473,698	598,865	703,414
SUMMARY OF STATEMENT OF CASHFLOWS			(RUPEES IN MILLIONS)			
	Restated	Restated				
Net cash generated from / (used in) operating activities	18,585	41,097	27,836	19,335	(16,884)	22,648
Net cash used in investing activities	(14,847)	(28,654)	(19,593)	(43,726)	(33,843)	(49,411)
Net cash generated from / (used) in financing activities	(7,023)	(10,795)	(11,849)	6,040	52,012	26,415
Net increase / (decrease) in cash and cash equivalent	(3,285)	1,648	(3,606)	(18,351)	1,285	(348)
Cash and cash equivalent at beginning of the year	(3,178)	(6,463)	(4,815)	(8,421)	(26,772)	(25,487)
Cash and cash equivalent at end of the year	(6,463)	(4,815)	(8,421)	(26,772)	(25,487)	(25,835)

Key Financial Indicators

Description	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Profitability Ratios			(In Percentage %)			
	Restated	Restated				
Gross Profit Margin	24.5%	30.3%	21.5%	20.9%	17.5%	15.2%
Net Profit / (Loss) Margin	16.6%	16.9%	5.7%	5.7%	6.0%	-1.0%
EBITDA Margin	19.7%	22.8%	14.0%	14.9%	10.8%	12.7%
PBT Margin	9.8%	13.2%	4.7%	6.3%	3.1%	0.1%
Return on Equity including Surplus	23.2%	18.6%	5.7%	5.9%	8.1%	-1.4%
Return on Equity excluding Surplus	37.9%	26.2%	7.6%	8.0%	11.6%	-2.0%
Return on Capital Employed	18.4%	14.6%	4.6%	4.9%	5.6%	-0.8%
Pre-tax return on adjusted invested equity (average)	13.7%	15.1%	4.6%	6.7%	4.3%	0.2%
Return on Total Assets	8.5%	8.4%	2.6%	2.6%	2.9%	-0.4%
Return on Property, Plant and Equipment	15.2%	14.2%	4.4%	4.4%	5.3%	-0.8%
Liquidity Ratios			(In Times)			
Current Ratio	0.95	1.06	1.00	0.95	0.92	0.89
Quick / Acid test ratio	0.91	1.00	0.94	0.90	0.88	0.86
Cash to current liability	0.01	0.01	0.01	0.01	0.01	0.01
Free cash flow to the Equity holders (Rs. In million)	(15,521)	(8,560)	(25,024)	(40,209)	(22,025)	(13,873)
Free cash flow to the Company (Rs. In million)	1,924	8,648	(9,114)	(42,455)	(63,412)	(17,752)
Cash flow from operations to revenue	0.10	0.22	0.15	0.09	(0.06)	0.08
Activity / Turnover ratio						
Inventory (Furnace & Other Oil) Turnover Ratio	35	21	41	30	33	41
Inventory (Furnace & Other Oil) Turnover Days	10	17	9	12	11	9
Debtor* Turnover Ratio (Times)	1.37	1.26	1.22	1.24	1.20	0.93
Debtor* Turnover Days	267	289	300	294	304	393
Creditor Turnover Ratio (Times)	1.82	1.79	2.21	2.22	2.29	1.57
Creditor Turnover Days	201	204	165	164	160	233
Operating Cycle (No. of days)	76	102	144	142	155	169
Total Asset turnover ratio (Times)	0.51	0.50	0.46	0.46	0.48	0.41
Fixed Asset turnover ratio (Times)	0.91	0.84	0.77	0.78	0.89	0.80
Investment / Market Ratios			(In Rupees)			
Earnings / (loss) per Share - Basic / Diluted	1.17	1.15	0.38	0.45	0.63	(0.11)
Price Earnings Ratio (In Times)	7.17	7.00	18.29	12.74	7.02	NA
Market Value Per Share - year end	8.42	8.06	6.90	5.68	4.39	3.01
- High during the year	10.55	8.67	10.92	7.51	6.75	5.00
- Low during the year	6.01	6.52	6.50	5.11	3.54	2.57
Price to book ratio (In Times)	0.61	0.59	0.48	0.33	0.20	0.12
Breakup Value per Ordinary Share (including Surplus on Revaluation of Property, Plant & Equipment)	5.05	6.20	6.67	7.51	7.77	7.63
Breakup Value per Ordinary Share (excluding Surplus on Revaluation of Property, Plant & Equipment)	3.09	4.39	4.95	5.55	5.38	5.48
Capital Structure Ratios			(In Times)			
Long-term debt to equity ratio (including revaluation surplus)	0.18	0.16	0.14	0.13	0.21	0.28
Long-term debt to equity ratio (excluding revaluation surplus)	0.27	0.21	0.17	0.17	0.28	0.35
Interest Cover ratio	2.96	5.89	3.41	5.24	2.41	1.02
Average Cost of Debt	0.14	0.12	0.09	0.07	0.11	0.16
Financial Leverage Ratio	0.49	0.33	0.27	0.35	0.60	0.74

*Includes tariff adjustment receivable from Government

Vertical Analysis

STATEMENT OF FINANCIAL POSITION	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Restated	Restated				
Non-Current Assets	56.2%	59.2%	60.1%	58.6%	54.6%	51.8%
Current Assets	43.8%	40.8%	39.9%	41.4%	45.4%	48.2%
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Share Capital & Reserves	36.6%	45.3%	46.6%	43.7%	35.8%	29.9%
Non-Current Liabilities	17.4%	16.0%	13.6%	12.8%	14.9%	16.1%
Current Liabilities	46.0%	38.6%	39.9%	43.5%	49.3%	53.9%
Total Equity And Liabilities	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

STATEMENT OF PROFIT OR LOSS	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Restated	Restated				
Revenue	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Expenditure						
Purchase Of Electricity	(36.7%)	(28.8%)	(33.5%)	(35.7%)	(32.9%)	(35.8%)
Consumption Of Fuel And Oil	(30.8%)	(30.4%)	(33.4%)	(33.1%)	(41.7%)	(40.2%)
	(67.5%)	(59.2%)	(67.0%)	(68.8%)	(74.6%)	(76.0%)
Expenses Incurred In Generation, Transmission And Distribution	(8.0%)	(10.5%)	(11.5%)	(10.4%)	(7.8%)	(8.8%)
Gross Profit	**24.5%**	**30.3%**	**21.5%**	**20.9%**	**17.5%**	**15.2%**
Consumers Services and Administrative Expenses (including Impairment against trade debts)	(11.2%)	(16.3%)	(19.1%)	(16.0%)	(13.2%)	(12.0%)
Other Operating Expenses	(1.7%)	(1.6%)	(0.8%)	(1.0%)	(1.7%)	(0.2%)
Other Operating Income	3.3%	3.5%	5.1%	3.9%	2.6%	2.9%
	(9.6%)	(14.4%)	(14.8%)	(13.1%)	(12.3%)	(9.3%)
Profit Before Finance Cost	**14.9%**	**15.9%**	**6.7%**	**7.8%**	**5.2%**	**5.9%**
Finance Cost	(5.0%)	(2.7%)	(2.0%)	(1.5%)	(2.2%)	(5.8%)
Profit Before Taxation	**9.8%**	**13.2%**	**4.7%**	**6.3%**	**3.1%**	**0.1%**
Taxation	6.8%	3.6%	0.9%	(0.6%)	2.9%	(1.1%)
Profit / (Loss) After Taxation	**16.6%**	**16.9%**	**5.7%**	**5.7%**	**6.0%**	**(1.0%)**

Horizontal Analysis

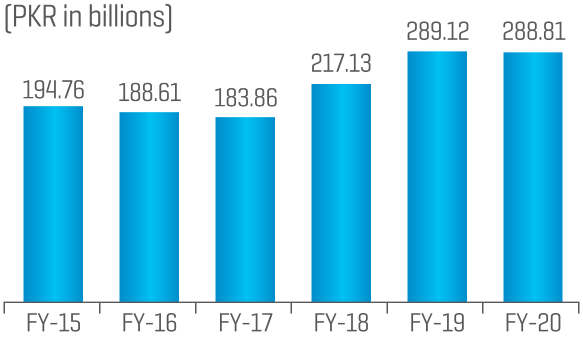
STATEMENT OF FINANCIAL POSITION	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Restated	Restated				
Non-Current Assets	100.0%	104.5%	111.2%	129.8%	152.7%	170.2%
Current Assets	100.0%	92.5%	94.7%	117.5%	163.1%	203.3%
Total Assets	**100.0%**	**99.2%**	**104.0%**	**124.4%**	**157.3%**	**184.7%**
Share Capital & Reserves	100.0%	122.7%	132.1%	148.5%	153.7%	150.9%
Non-Current Liabilities	100.0%	91.5%	81.3%	91.4%	134.6%	171.2%
Current Liabilities	100.0%	83.4%	90.1%	117.6%	168.7%	216.7%
Total Equity And Liabilities	**100.0%**	**99.2%**	**104.0%**	**124.4%**	**157.3%**	**184.7%**

STATEMENT OF PROFIT OR LOSS	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Restated	Restated				
Revenue	**100.0%**	**96.8%**	**94.4%**	**111.5%**	**148.5%**	**148.3%**
Expenditure						
Purchase Of Electricity	100.0%	76.0%	86.3%	108.3%	133.1%	144.5%
Consumption Of Fuel And Oil	100.0%	95.5%	102.5%	119.9%	201.2%	193.8%
	100.0%	84.9%	93.7%	113.6%	164.2%	167.0%
Expenses Incurred In Generation, Transmission And Distribution	100.0%	126.9%	135.4%	143.7%	144.6%	162.5%
Gross Profit	**100.0%**	**119.9%**	**82.9%**	**95.0%**	**106.4%**	**92.1%**
Consumers Services and Administrative Expenses (including Impairment against trade debts)	100.0%	141.3%	161.3%	159.6%	175.1%	159.7%
Other Operating Expenses	100.0%	91.6%	46.2%	63.7%	151.2%	17.9%
Other Operating Income	100.0%	105.2%	148.4%	133.8%	119.4%	134.4%
	100.0%	144.7%	145.2%	151.3%	189.7%	143.0%
Profit Before Finance Cost	**100.0%**	**103.9%**	**42.6%**	**58.6%**	**52.4%**	**59.1%**
Finance Cost	100.0%	52.3%	37.0%	33.2%	64.4%	171.5%
Profit Before Taxation	**100.0%**	**130.2%**	**45.5%**	**71.6%**	**46.3%**	**1.9%**
Taxation	100.0%	51.7%	12.9%	(10.6%)	63%	(25.0%)
Profit / (Loss) After Taxation	**100.0%**	**98.1%**	**32.1%**	**38.0%**	**53.3%**	**(9.1%)**

Graphical Analysis

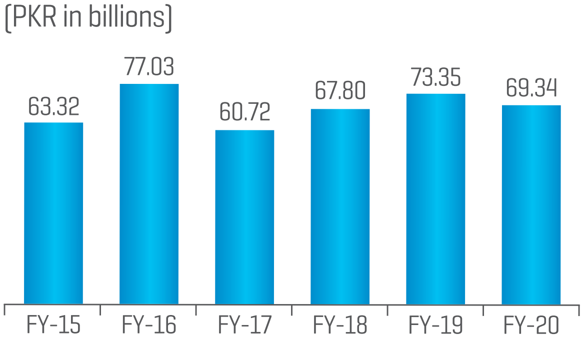
Revenue

(PKR in billions)



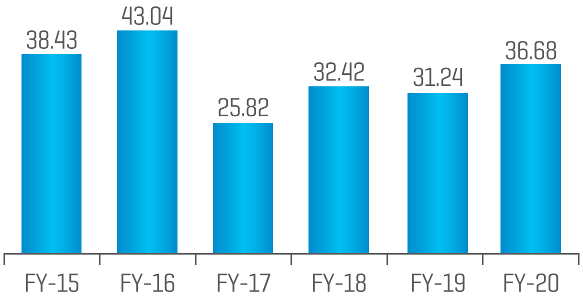
Contribution Margin

(PKR in billions)



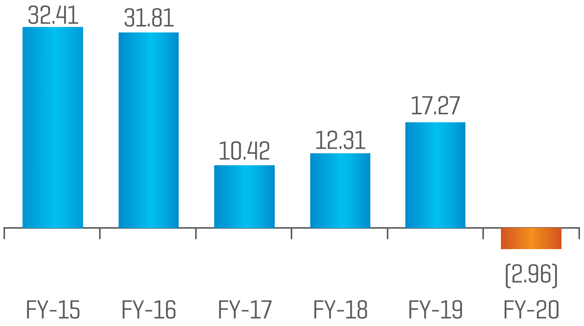
EBITDA

(PKR in billions)



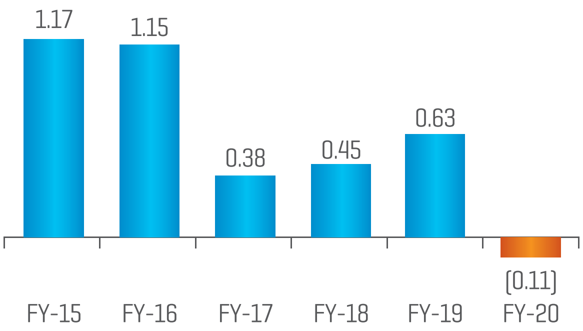
Net Profit / (Loss)

(PKR in billions)



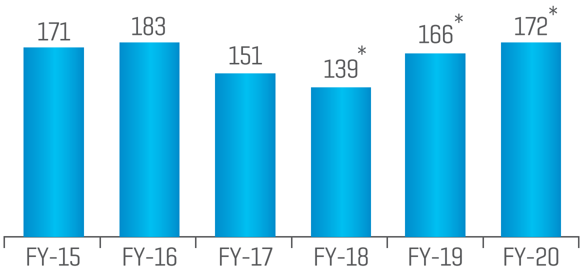
Earnings / (Loss) per Share

(In PKR)



GAS

(MMCFD)

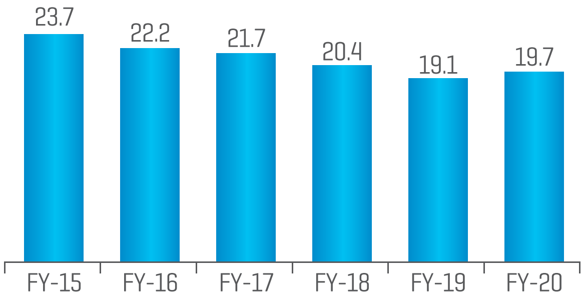


* Includes RLNG effective from April 2018

Graphical Analysis

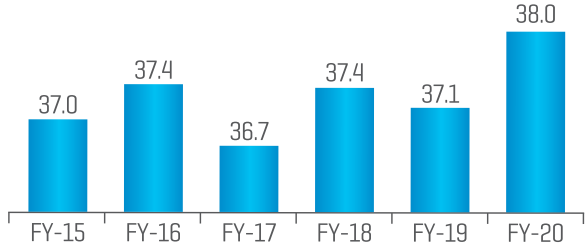
T&D Losses

(In %)



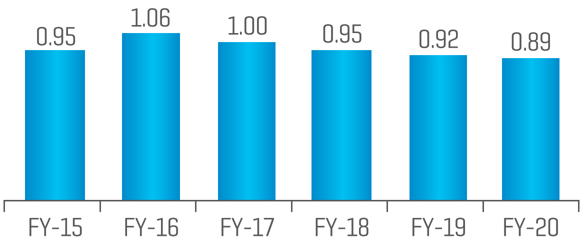
Generation Fleet Efficiency

(In %)



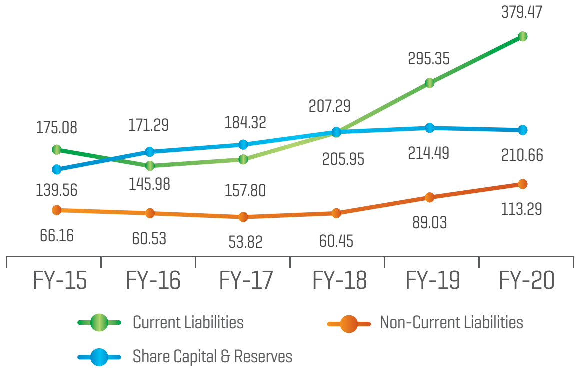
Current Ratio

(In times)



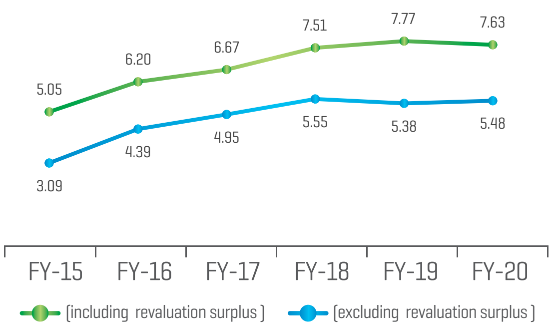
Equity & Liabilities

(PKR in billions)



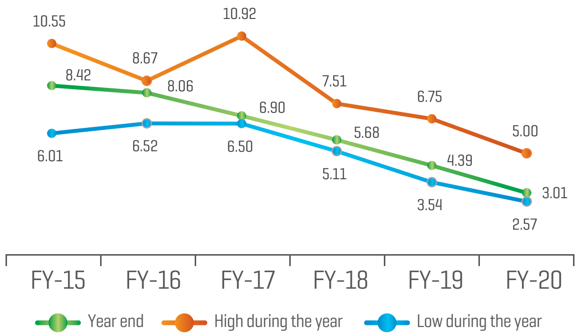
Breakup Value per Share

(In PKR)



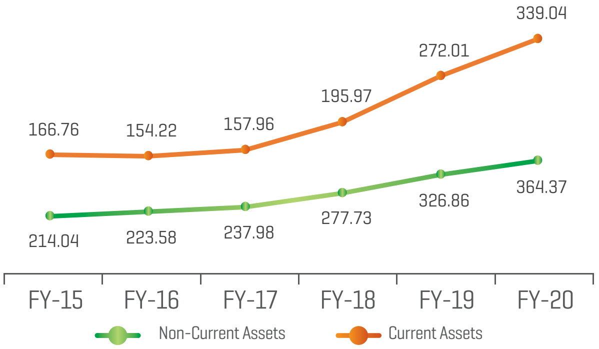
Market Value per Share

(In PKR)

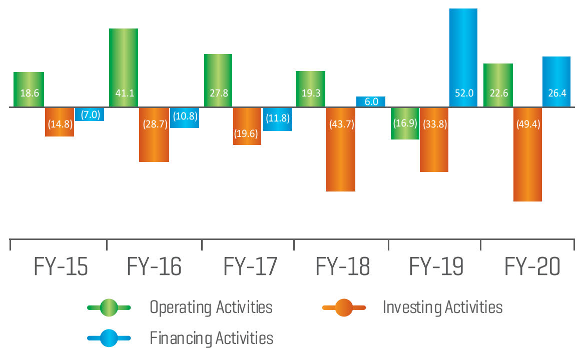


Graphical Analysis

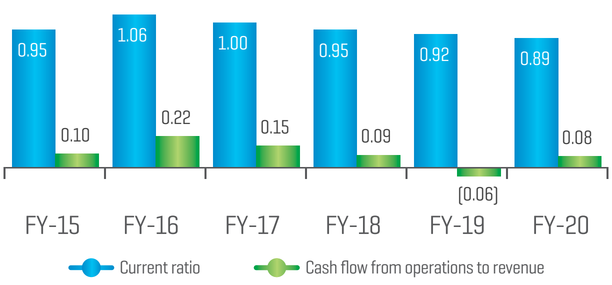
Total Assets
(PKR in billions)



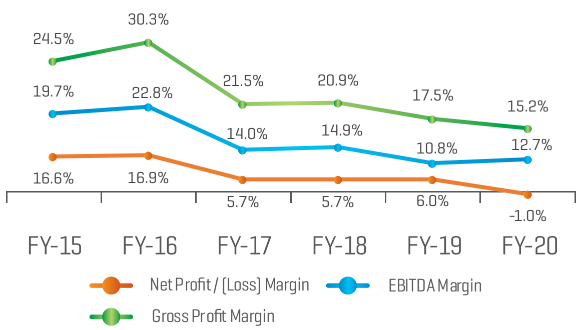
Cash Flow Analysis
(PKR in billions)



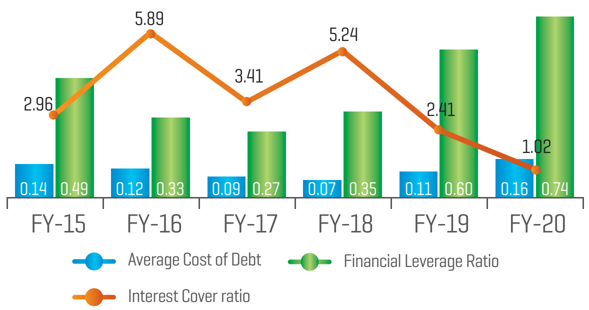
Liquidity Ratios
(In times)



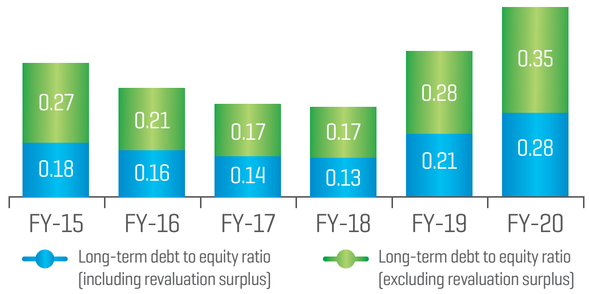
Profitability Ratios
(In %)



Capital Structure Ratios
(In times)



Long term Debt to Equity
(In times)



Commentary on Performance

Horizontal & Vertical Analysis

- Consistent profitability since 2012 was marred by the unprecedented lock down situation amid COVID-19, impacting units sent-out growth coupled with increase in T&D losses on the back of adverse sales mix. Further, continuous accumulation in government receivables resulted in increased working capital requirements of the Company which along with high borrowing rates during most part of the FY-2020, culminated in increase in finance cost by 166% from last year i.e. Rs. 6,285 million in FY-19 to Rs. 16,737 million in FY-20.

- Despite the above challenges, Company invested PKR 55,612 million during FY 2020 alone, taking the investment streak to PKR 205,842 million across the Company's power value chain over the 06 years period.

- Reinvestment of profits since 2012 along with revaluation surplus in FY-17, FY-18 and FY-19, has resulted in increase of around 51% in the Equity of the Company over the period under discussion.

- Accumulation of receivables from GoP and its entities / departments has also impacted the current liabilities of the Company, increasing by 117% over the last six years. However, the growth trajectory here is far less than the receivables due to the fact that inspite accumulation in KE's receivables from government entities, 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. Current liabilities balance mainly includes payable to NTDC / CPPA, which is to be set-off with the Company's Tariff Differential Claims from the GoP.

Cashflow Statement

- Release of Rs. 25,500 million in respect of TDC during last quarter of FY-2020 resulted in positive cashflows from operating activities. Further, increase in balance of trade and other payables due to non-adjustment of NTDC / CPPA payables with TDC receivables by Government, and accruals in respect of BQPS III 900 MW Project on completion of benchmarks affected operating cashflows positively.

- Company has invested Rs. 205,842 million over the period of 06 years (including borrowing cost capitalized); which reiterates the Company's commitment for operational improvements through continuous investments across the value chain.

- As discussed in analysis above, cash inflows from financing activities are on the increasing trend over last three 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 accumulation of receivables from Federal and Provincial government entities and significant Capex undertaken for operational improvements and to ensure smooth and reliable supply of power to the consumers.

Statement of Cash Flows Direct Method

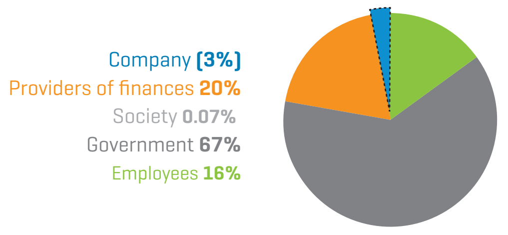
	2020	2019
	(Rupees in '000)	
Cash flows from operating activities		
Cash receipts from customers	238,337,550	217,695,569
Subsidy Receipt	25,500,000	1,000,000
Cash paid to suppliers, employees and others	(219,381,716)	(228,684,100)
Cash generated from operations	44,455,834	(9,988,531)
Employee retirement benefits paid	(829,853)	(745,978)
Income tax paid	(3,294,511)	(496,643)
Receipts in deferred revenue	3,605,876	3,653,196
Finance cost paid	(21,624,884)	(9,535,595)
Payments made in respect of out of court settlements	(16,600)	(25,050)
Interest received on bank deposits	346,902	249,379
Long term loans	2,676	2,796
Long-term deposits	2,476	2,072
Net cash generated from operating activities	22,647,916	(16,884,354)
Cash flow from investing activities		
Capital expenditure incurred	(49,918,613)	(35,573,823)
Proceed from disposal of fixed assets	507,529	1,731,443
Net cash used in investing activities	(49,411,084)	(33,842,380)
Cash flow from financing activities		
Proceed from / (Repayment of) long-term diminishing musharaka - net	19,174,852	(4,400,000)
Long-term financing - net	6,512,336	24,964,958
Lease payments - net	(33,223)	-
Short-term borrowings - net	(149,845)	30,357,181
Security deposit from consumers	910,529	1,089,582
Net cash generated from financing activities	26,414,649	52,011,721
Net (decrease) / increase in cash and cash equivalents	(348,519)	1,284,987
Cash and cash equivalents at the beginning of the year	(25,487,006)	(26,771,993)
Cash and cash equivalents at the end of the year	(25,835,525)	(25,487,006)

Statement of Value Addition and its Distribution

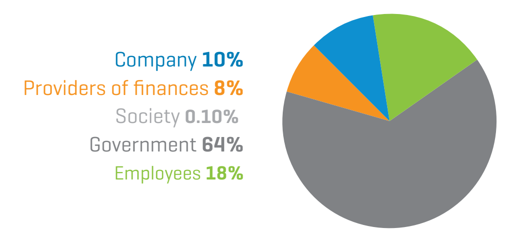
Value Addition and its Distribution

	2020 Rs in Million	%	2019 Rs in Million	%
Wealth Generated				
Sale of energy inclusive of all taxes	245,774		238,732	
Tariff adjustment	94,930		97,444	
Other income	8,510		7,564	
Electricity purchase, consumption of fuel and oil, service and other cost (excluding taxes)	(267,438)		(267,911)	
	81,776	100.00%	75,829	100.00%
Wealth Distribution				
To Employees				
Salaries, benefits and other costs	12,726	16%	13,525	18%
To Government				
Income tax, sales tax and others	54,859	67%	48,480	64%
To Society				
Donations	56	0.07%	79	0.10%
To providers of finances				
Financial Charges	16,736	20%	6,285	8%
To Company				
Retained within the business	(2,601)	(3%)	7,461	10%
	81,776	100.00%	75,829	100.00%

Wealth Distribution 2020



Wealth Distribution 2019



Independent Auditor's 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, 2020, 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, 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 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, 2020 and of the loss and other comprehensive loss, 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 Auditor's 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 note 32.1.1 of 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 judgement, 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)	**Tariff adjustment on account of write-off of bad debts** (Refer notes 2.5.1 and 34.2 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. 7,492 Million, comprising of receivables from 77,184 consumers. As required under the Multi-Year Tariff for the period from July 1, 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 specific minimum 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 Company's 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. ● Assessed the financial impacts and adequacy and appropriateness of disclosures made in the financial statements in this respect.
(ii)	**Impairment loss against trade debts** (Refer notes 2.5.3 and 11 to the annexed financial statements) The impairment loss against trade debts (other than due from public sector consumers) has been calculated based on the Expected Credit Loss (ECL) model, as defined in IFRS 9 'Financial Instruments'. The ECL model involves significant estimates and judgements which are reviewed on a continuous basis in view of the historical experience and various other factors. As a result of application of the ECL model an amount of Rs. 13,187.845 Million has been recognized during the year as impairment loss against trade debts.	Our audit procedures amongst other included the following: ● Considered the management's process of application of the ECL model to calculate the impairment loss against trade debts. ● Evaluated the key decisions made by the Company's management with respect to estimates and judgements in relation to application of the ECL model and assessed the appropriateness of such estimates and judgements based on our understanding of the Company's business and operations. ● Evaluated the ECL model for appropriateness of the methodology applied and checked the arithmetical accuracy of the model

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
	Due to the significance of the amounts involved and the use of management judgements and estimates, we have considered application of the ECL model to determine the impairment loss against trade debts as a key audit matter.	● Assessed the financial impacts and appropriateness of disclosures made in the financial statements in relation to the impairment loss against trade debts.
(ii)	**Contingencies** (Refer notes 32.1.2, 32.1.5 and 42.1 to the annexed financial statements) As at June 30, 2020, the Company has contingencies in respect of legal, regulatory and tax matters, which are pending adjudication before various appellate forums and courts of law. Contingencies require management to make judgements 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 have considered the above contingencies as a key audit matter.	Our audit procedures amongst other included the following: ● Updated our understanding of these legal, 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 judgements 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 and external legal auditor's expert to assess management's conclusions on these contingent legal and 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 auditor's 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 auditor's 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 partner on the audit resulting in this independent auditor's report is Waqas Aftab Sheikh.

A.F. Ferguson & Co.
Chartered Accountants

Karachi

Date: November 02, 2020

Statement of Financial Position

as at June 30, 2020

	Note	June 30, 2020	June 30, 2019
		(Rupees in '000)	
Assets			
Non-current assets			
Property, plant and equipment	5	360,980,861	326,549,553
Intangible assets	6	312,822	274,610
Investment property	7	3,047,856	-
Long-term loans	8	16,529	19,205
Long-term deposits	9	11,258	13,734
		364,369,326	326,857,102
Current assets			
Stores, spare parts and loose tools	10	12,966,222	12,077,761
Trade debts	11	99,831,863	99,928,057
Loans and advances	12	1,806,416	871,189
Deposits and short term prepayments	13	3,595,164	3,398,983
Other receivables	14	212,042,354	144,806,110
Taxation - net		1,080,823	748,510
Derivative financial assets	15	4,632,953	4,464,424
Cash and bank balances	16	3,088,813	2,664,841
		339,044,608	268,959,875
Assets classified as held for sale	7	-	3,047,856
		339,044,608	272,007,731
TOTAL ASSETS		703,413,934	598,864,833
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	17	96,261,551	96,261,551
Reserves			
Capital reserves			
Share premium and other reserves	18	2,009,172	2,009,172
Surplus on revaluation of property, plant and equipment	19	59,232,336	65,880,437
		61,241,508	67,889,609
Revenue reserves			
General reserves		5,372,356	5,372,356
Unappropriated profit		47,782,956	44,965,946
		53,155,312	50,338,302
		114,396,820	118,227,911
TOTAL EQUITY		210,658,371	214,489,462
LIABILITIES			
Non-current liabilities			
Long-term diminishing musharaka	20	27,920,786	8,687,165
Long-term financing	21	43,476,225	41,227,153
Lease liabilities	22	97,226	-
Long-term deposits	23	11,718,860	10,808,331
Employee retirement benefits	24	5,262,039	5,094,674
Deferred revenue	25	24,814,138	23,209,643
Deferred taxation	26	-	-
		113,289,274	89,026,966
Current liabilities			
Current maturity of long-term diminishing musharaka	20	4,400,000	4,400,000
Current maturity of long-term financing	21	7,120,676	3,274,552
Current maturity of lease liabilities	22	23,474	-
Trade and other payables	27	267,630,980	190,794,648
Unclaimed dividend		645	645
Accrued mark-up	28	8,314,338	7,527,712
Short-term borrowings	29	72,544,367	71,921,721
Short-term deposits	30	19,424,309	17,407,727
Provision	31	7,500	21,400
		379,466,289	295,348,405
TOTAL LIABILITIES		492,755,563	384,375,371
TOTAL EQUITY AND LIABILITIES		703,413,934	598,864,833
Contingencies and Commitments	32		

The annexed notes 1 to 58 form an integral part of these financial statements.

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

Statement of Profit or Loss
for the Year ended June 30, 2020

	Note	2020	2019
		(Rupees in '000)	
REVENUE			
Sale of energy – net	33	193,877,623	191,674,571
Tariff adjustment	34	94,929,760	97,444,499
		288,807,383	289,119,070
COST OF SALES			
Purchase of electricity	35	(103,282,331)	(95,153,398)
Consumption of fuel and oil	36	(116,187,414)	(120,616,728)
Expenses incurred in generation, transmission and distribution	37	(25,444,334)	(22,642,835)
		(244,914,079)	(238,412,961)
GROSS PROFIT		43,893,304	50,706,109
Consumers services and administrative expenses	38	(21,522,925)	(20,163,215)
Impairment loss against trade debts	11.3	(13,188,288)	(17,906,441)
Other operating expenses	39	(596,087)	(5,033,029)
Other income	40	8,509,741	7,563,950
		(26,797,559)	(35,538,735)
PROFIT BEFORE FINANCE COST		17,095,745	15,167,374
Finance cost	41	(16,736,638)	(6,284,677)
PROFIT BEFORE TAXATION		359,107	8,882,697
Taxation	42	(3,318,318)	8,390,920
NET (LOSS) / PROFIT FOR THE YEAR		(2,959,211)	17,273,617
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION (EBITDA)	43	36,683,763	31,235,745
		(Rupees)	
(LOSS) / EARNING PER SHARE - BASIC AND DILUTED	44	(0.11)	0.63

The annexed notes 1 to 58 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, 2020

	Note	2020	2019
		(Rupees in '000)	
Net (loss) / profit for the year		(2,959,211)	17,273,617
Other comprehensive (loss) / income:			
Items that may be reclassified to profit or loss			
Changes in fair value of cash flow hedges		945,710	3,794,440
Adjustment for amounts transferred to profit or loss		(945,710)	(3,794,440)
		-	-
Items that will not be reclassified to profit or loss			
Remeasurement of post employee benefit obligations		181,098	(336,895)
Less: Taxation thereon		(52,518)	97,699
		128,580	(239,196)
Revaluation surplus arising during the year		-	25,808,951
Less: Taxation thereon		-	(7,484,596)
		-	18,324,355
Add: Effect of change in tax rate		-	(2,425,949)
		-	15,898,406
Impairment recognised against revaluation surplus	19.1	(1,409,098)	-
Less: Taxation thereon		408,638	-
		(1,000,460)	-
		(871,880)	15,659,210
Total comprehensive (loss) / income for the year		(3,831,091)	32,932,827

The annexed notes 1 to 58 form an integral part of these financial statements.

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

Statement of Changes in Equity

for the Year ended June 30, 2020

	Issued, subscribed and paid-up capital			Reserves							Total
				Capital				Revenue			
	Ordinary shares	Transaction costs	Total Share Capital	Share premium (note 17.3)	Others	Surplus on revaluation of Property, plant and equipment	Total	General reserves	Un-appropriated profit	Total	
	(Rupees in '000)										
Balance as at July 1, 2018	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
Total comprehensive loss for the year ended June 30, 2020											
Loss for the year	-	-	-	-	-	-	-	-	(2,959,211)	(2,959,211)	(2,959,211)
Other comprehensive (loss) / income	-	-	-	-	-	(1,000,460)	(1,000,460)	-	128,580	128,580	(871,880)
	-	-	-	-	-	(1,000,460)	(1,000,460)	-	(2,830,631)	(2,830,631)	(3,831,091)
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	(5,647,641)	(5,647,641)	-	5,647,641	5,647,641	-
Balance as at June 30, 2020	96,653,179	(391,628)	96,261,551	1,500,000	509,172	59,232,336	61,241,508	5,372,356	47,782,956	53,155,312	210,658,371

The annexed notes 1 to 58 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, 2020

	Note	2020	2019
		(Rupees in '000)	
Cash Flows From Operating Activities			
Profit before taxation		359,107	8,882,697
Adjustments for non-cash charges and other items:			
Depreciation and amortisation		19,588,018	16,068,371
Provision for employee retirement benefits		1,178,316	1,062,580
Provision for slow moving and obsolete stores, spare parts and loose tools, net	10.1	235,763	6,554
Provision for impairment against trade debts	11.3	13,964,046	18,256,508
Provision against fatal accident cases	31	2,700	-
Amortisation of transaction cost and exchange gain / loss on long-term financing		(358,371)	5,536,624
Gain on sale of property, plant and equipment	40	(216,142)	(1,137,300)
Gain on derivative financial assets		(168,529)	(3,794,440)
Finance cost	41	16,736,638	6,284,677
Amortisation of deferred revenue	25	(2,001,381)	(1,831,470)
Return on bank deposits	40	(346,902)	(249,379)
Operating profit before working capital changes		48,973,263	49,085,422
Working capital changes:			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(1,124,224)	(599,887)
Trade debts		(13,867,852)	(28,549,706)
Loans and advances		(935,227)	17,935
Deposits and short term prepayments		(206,796)	(888,797)
Other receivables		(67,236,244)	(87,820,329)
		(83,370,343)	(117,840,784)
Increase in current liabilities			
Trade and other payables		76,836,332	52,536,191
Short-term deposits		2,016,582	6,230,640
		78,852,914	58,766,831
Cash generated from / (used in) operations		44,455,834	(9,988,531)
Employee retirement benefits paid		(829,853)	(745,978)
Income tax paid		(3,294,511)	(496,643)
Receipts in deferred revenue	25	3,605,876	3,653,196
Finance cost paid		(21,624,884)	(9,535,595)
Payments made in respect of out of court settlements		(16,600)	(25,050)
Interest received on bank deposits		346,902	249,379
Long-term loans		2,676	2,796
Long-term deposits		2,476	2,072
		(21,807,918)	(6,895,823)
Net cash generated from / (used in) operating activities		22,647,916	(16,884,354)
Cash Flows From Investing Activities			
Capital expenditure incurred		(49,918,613)	(35,573,823)
Proceeds from disposal of property, plant and equipment	5.2	507,529	1,731,443
Net cash used in investing activities		(49,411,084)	(33,842,380)
Cash Flows From Financing Activities			
Proceed from / (Repayment of) long-term diminishing musharaka - net	48.4	19,174,852	(4,400,000)
Long-term financing - net	48.4	6,512,336	24,964,958
Lease payments		(33,223)	-
Short-term borrowings - net	48.4	(149,845)	30,357,181
Security deposit from consumers	48.4	910,529	1,089,582
Net cash generated from financing activities		26,414,649	52,011,721
Net (decrease) / increase in cash and cash equivalents		(348,519)	1,284,987
Cash and cash equivalents at beginning of the year		(25,487,006)	(26,771,993)
Cash and cash equivalents at end of the year	46	(25,835,525)	(25,487,006)

The annexed notes 1 to 58 form an integral part of these financial statements.

Syed Moonis Abdullah Alvi
Chief Executive Officer

Khalid Rafi
Director

Muhammad Aamir Ghaziani
Chief Financial Officer

Notes to the Financial Statements
for the Year ended June 30, 2020

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 (2019: 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 (the 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, September 30, 2019 and June 29, 2020 incorporating amended / additional requirements pursuant to the Securities Act, 2015 and the aforementioned regulations.

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 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 the 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 formation of Appellate Tribunal has been notified by the GoP, however, the same is yet to be made functional by the GoP, and in this regard the Hon'ble Supreme Court in HRC No. 20883/2018 vide order dated October 13, 2020 has directed the Federation of Pakistan to notify the Chairman and members of the Appellate Tribunal within two (02) weeks and submit a report, accordingly. The Company also approached the Sindh High Court (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 During the year, the Company 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 working capital requirements of the Company along-with adjustment on account of variation in KIBOR and LIBOR 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 had requested for increase in the base tariff of Rs. 1.64/kWh effective July 1, 2016. Subsequent to the year, NEPRA held a public hearing on this matter on September 16 & 17, 2020. Further, considering the significant changes to macro-economic factors due to COVID-19, revision in investment plan and other changes in underlying factors, the Company has updated its earlier request through its letter dated October 1, 2020 and has requested for an increase of Rs. 1.21/kWh in the base tariff effective July 1, 2016. As the increase in tariff is currently subject to determination by NEPRA which is awaited, 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;
- Provisions of and directives issued under the Companies Act, 2017; and
- 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, 2020

IFRS 16 'Leases' became applicable on the Company with effect from July 1, 2019. The standard has replaced IAS 17 'Leases', 'IFRIC 4' Determining whether an Arrangement contains a Lease, 'SIC-15' Operating Leases Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 has introduced a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right of use of the underlying asset and a lease liability representing its obligations to make lease payments.

For the first time application of IFRS 16, the Company has used the modified retrospective transition approach as permitted under IFRS 16. The Company has recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of July 1, 2019. The Company elected to use transition practical expedient allowing the Company to use a single discount rate to a portfolio of leases with similar characteristics.

The right-of-use assets were measured at the amount equal to lease liabilities, adjusted for any related prepaid or accrued lease payments previously recognised. The Company does not have any sub-lease arrangements as of July 1, 2019.

On application of IFRS 16, the comparatives have not been restated, as permitted under the specific transitional provisions of IFRS 16. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening financial position on July 1, 2019, the summary of which is as follows:

Impact on statement of financial position as at July 1, 2019	Rupees in '000'
Assets	
Property, plant and equipment (right-of-use asset) - increased by	146,506
Prepayments - decreased by	(10,615)
Impact on total assets	135,891
Liabilities	
Current maturity of lease liabilities	35,922
Lease liabilities	99,969
Impact on total liabilities	135,891

Further, the SECP through its S.R.O. 986 (I)/2019 dated September 2, 2019 granted exemption from IFRS 16 to the extent of the power purchase agreements executed prior to the effective date of IFRS 16 i.e. January 1, 2019. Accordingly, the Company's power purchase agreements executed prior to January 1, 2019 have not been accounted for under IFRS 16.

Additionally there is a new standard, certain amendments and an interpretation to the accounting and reporting standards that became mandatory for the Company's annual accounting period which began on July 1, 2019. However, these are considered not to be relevant or to have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

(b) New standards and amendments to the accounting and reporting standards that are not yet effective

The following standard and amendments to the accounting and reporting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard and amendment:

Standard or Amendments	Effective date (Annual periods beginning on or after)
- Amendments to IFRS 3, 'Business Combinations'	January 1, 2020
- Amendments to IAS 1, 'Presentation of Financial Statements'	January 1, 2020 / January 1, 2022
- Amendments to IAS 8, 'Accounting policies, changes in accounting estimates and errors'	January 1, 2020
- Amendments to IFRS 9, 'Financial Instruments' and IFRS 7, 'Financial Instruments: Disclosures'	January 1, 2020
- Amendments to IFRS 16, 'Leases'	June 1, 2020
- IFRS 17, 'Insurance Contracts'	January, 1, 2023 (Not yet notified by SECP)
- Amendments to IAS 16, 'Property, Plant & Equipment'	January 1, 2022
- Amendments to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets'	January 1, 2022

The above standard and amendments are not expected to have any material impact on the Company's 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 judgement

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 judgement 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 and interpretation of MYT decision, 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 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 Expected Credit Loss (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 of 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 24.

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 5.1.4 and 47.2 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.

2.5.9 Provision and contingencies

A provision is recognised in the statement of financial position when the Company has a 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. The amount recognised as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

3. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The Company like other electric distribution companies, was adversely affected by closure of economic activities during unprecedented lockdown situation and due to compliance with the Government directives aimed for facilitation of its consumers during COVID-19 pandemic. Areas that were significantly impacted by COVID-19 along with their financial impact include the following:

Finance cost: In order to comply with the directives of the Government, the Company provided relief to consumers during COVID-19, which mainly includes recovery of electricity bills from single-phase domestic consumers (consuming up to 300 units) in three instalments up to November 2020 and waiver of late payment surcharge on non-payment by such consumers. These steps translated in to increase in finance cost of the Company by approximately Rs. 293 million, including Rs. 106 million upto June 30, 2020.

Units sent-out: Significant decline in units sent-out of approximately 4.8% or 452 GWh, was witnessed due to limited operations / closure of industrial and commercial activities during lockdown period. The financial impact of the lower sent-out approximately amounts to loss of revenue by Rs. 1,821 million upto June 30, 2020.

Transmission and Distribution (T&D) losses: Significant drop in consumption by low loss consumers (mainly industrial and commercial segments) was witnessed. While corresponding increase in consumption by high loss / very high loss consumers was witness due to load-shed exemption during the lockdown period.

Further, inability to carry-out theft detection activities resulted in increase in T&D losses amounting to loss of revenue by approximately Rs. 6,000 million upto June 30, 2020.

During the year, the Company requested NEPRA to allow necessary adjustments in tariff and has also requested Ministry of Energy (MoE), subsequent to year end, to reimburse / compensate the above losses out of the Economic Stimulus Package approved by Economic Coordination Committee of the Cabinet on April 9, 2020, as the Company has suffered these losses due to factors beyond its control. The request is pending approval from NEPRA / MoE and therefore, based on prudence, the related financial impacts have not been accounted for in these financial statements.

4. 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.

4.1 Property, plant and equipment

4.1.1 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 equipment 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 equipment 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 accumulated 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 whereby cost of assets, less the residual values, is written off over the estimated useful lives at rates disclosed in note 5.1. 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 derecognition 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 revaluation surplus is reclassified directly to unappropriated profit.

4.1.2 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.

4.1.3 Surplus on revaluation of property, plant and equipment

Revaluation surplus is recorded in other comprehensive income (OCI) and credited to '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 OCI 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 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.

4.2 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 6.2, 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 disposal.

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.

4.3 Lease liability and Right-of-use asset

Effective July 1, 2019 at inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in the determination of the lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of right of use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, any estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated using the straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases where the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term. Further, the SECP through its SRO. 986 (I)/2019 dated September 2, 2019 granted exemption from IFRS 16 to the extent of the power purchase agreements executed prior to the effective date of IFRS 16 i.e. January 1, 2019. Accordingly, the Company's power purchase agreements executed prior to January 1, 2019 have not been accounted for under IFRS 16.

4.4 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.

4.5 Financial instruments

4.5.1 Financial assets

Classification

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 represent 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 (FVOCI)

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 (FVPL)

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 a 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.

4.5.2 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 cost 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.

4.5.3 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.

4.6 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 the 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 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 amortised while such are classified as held for sale.

4.7 Investment property

Investment property is initially measured at cost and subsequently at cost less accumulated depreciation and impairment loss, if any.

Any gain or loss on disposal of investment property, calculated as the difference between the net proceeds from disposal and the carrying amount of the item, is recognised in profit or loss.

4.8 Stores, spare parts and loose tools

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.

4.9 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 4.11.1.

4.10 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 financial instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative financial 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. When 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.

4.11 Impairment

4.11.1 Impairment of financial assets

Financial assets covered under IFRS 9

The Company recognises on a forward looking basis an allowance for Expected Credit Loss (ECL) for all debt instruments not held at FVPL. ECL is 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.

4.11.2 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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.

4.16 Employee retirement and other service benefits

4.16.1 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.

4.16.2 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.

4.16.3 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 40 days leave each year. Accumulation is limited to a maximum of 365 days earned leave, no encashment is permitted.

(b) Officers

Employees earn 25 working days leave each year. No accumulation or encashment is permitted. Unused leave lapses at the end of each year. Some historical balances of accumulated leaves remain. These are available for encashment and LPR.

4.17 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.

4.17.1 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.

4.17.2 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 asset is reviewed at each reporting date and is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.18 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.

4.19 Provision

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.

4.20 Revenue recognition

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:

4.20.1 Sale of energy

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 consumers between the date of last meter reading and the reporting date.

4.20.2 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.

4.20.3 Service connection charges

Service connection charges represent the amount collected for installation of electricity connection. Revenue from service connection charges is recognised in the profit or loss in full upon establishing the network connection as it is not material in the overall context of these financial statements.

4.20.4 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.

4.20.5 Rebate on electricity duty

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

4.20.6 Interest / mark-up income

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

4.21 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.

4.22 Assets held under Ijarah financing

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

4.23 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.

4.24 Dividend and appropriation to reserves

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

4.25 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.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
		(Rupees in '000)	
Operating fixed assets	5.1	285,014,103	264,325,147
Capital work-in-progress	5.4	75,849,191	62,224,406
Right of use assets	5.5	117,567	-
		360,980,861	326,549,553

5.1 Operating fixed assets

	Revaluation model	Cost model			Revaluation model			Cost model									
	Land		Buildings on		Plant and machinery		Others										
	Leasehold (note 5.1.1)	Other (note 5.1.2)	Leasehold land	Other land	Owned	Assets given under long term diminishing musharka sukuk (note 20.1)	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
	Level 2 fair value				Level 3 fair value												
	(Rupees in '000)																
As at July 1, 2018																	
Cost	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 5.4)	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 5.1.3)	-	-	-	-	19,568,932	2,012,676	4,227,343	-	-	-	-	-	-	-	-	-	25,808,951
Disposals																	
Cost	-	-	-	-	(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 reclassifications																	
Cost	-	-	-	-	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 5.1.7)	(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	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
Year ended June 30, 2020																	
Opening 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
Additions (note 5.4)	-	6,219	2,102,708	232,837	3,059,510	-	15,659,247	8,138,900	11,834,167	60,088	104,425	-	133,362	379,665	34,949	-	41,746,077
Impairment (note 5.1.3 & 19.1)	-	-	-	-	(1,409,098)	-	-	-	-	-	-	-	-	-	-	-	(1,409,098)
Disposals (note 5.2)																	
Cost	-	-	-	-	(299,919)	(20,902)	(342,491)	(91,493)	(258,808)	(192)	(13,912)	(10,498)	(43,485)	(13,566)	(1,441)	-	(1,096,707)
Accumulated depreciation	-	-	-	-	164,929	15,896	278,956	75,071	194,545	192	11,812	9,448	41,006	12,024	1,441	-	805,320
	-	-	-	-	(134,990)	(5,006)	(63,535)	(16,422)	(64,263)	-	(2,100)	(1,050)	(2,479)	(1,542)	-	-	(291,387)
Interhead reclassifications																	
Cost	-	-	-	-	-	-	(2,123,931)	185,435	2,123,931	(185,435)	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	885,965	(9,225)	(885,965)	9,225	-	-	-	-	-	-	-
	-	-	-	-	-	-	(1,237,966)	176,210	1,237,966	(176,210)	-	-	-	-	-	-	-
Depreciation charge (note 5.1.7)	(212,759)	-	(121,790)	(218,792)	(9,513,471)	(1,735,862)	(2,798,849)	(572,464)	(2,941,812)	(616,920)	(82,302)	(4,380)	(204,637)	(117,610)	(214,988)	-	(19,356,636)
Closing net book value	12,153,334	580,297	4,988,768	4,349,670	109,244,415	16,657,138	58,355,457	17,901,869	54,059,312	1,942,570	558,118	28,390	626,628	1,079,353	2,488,784	-	285,014,103
As at June 30, 2020																	
Cost	14,743,436	580,297	5,892,416	6,330,656	166,409,768	47,336,043	85,564,852	27,989,591	82,789,825	5,166,056	1,705,515	184,630	1,782,386	2,265,127	3,761,298	67,713	452,569,609
Accumulated depreciation	(2,590,102)	-	(903,648)	(1,980,986)	(57,165,353)	(30,678,905)	(27,209,395)	(10,087,722)	(28,730,513)	(3,223,486)	(1,147,397)	(156,240)	(1,155,758)	(1,185,774)	(1,272,514)	(67,713)	(167,555,506)
Net book value	12,153,334	580,297	4,988,768	4,349,670	109,244,415	16,657,138	58,355,457	17,901,869	54,059,312	1,942,570	558,118	28,390	626,628	1,079,353	2,488,784	-	285,014,103
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 to 33.33	10 to 15	3.33 to 20	14.33	

5.1.1 Leasehold land

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

5.1.2 Other land

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

	Note	2020	2019
		(Rupees in '000)	
Amenity			
- Leasehold		541,050	534,831
- Freehold (mainly grid)		671	671
		541,721	535,502
Leasehold land - owned	5.1.2.1	38,576	38,576
		580,297	574,078

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

5.1.3 Details of the latest revaluation exercises carried out by the external valuers based on which revaluation surplus / impairment 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 - Units 3 & 4 of BQPS-I (note 19.1)	Harvester Services (Private) Limited	September 30, 2019	7,142,098	5,733,000
Plant and machinery - others	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 5.1.4.

5.1.3.1 The forced sale value of plant and machinery and transmission grid equipment as at the date of respective revaluations amount to Rs. 105,422 million and Rs. 35,229 million, respectively.

5.1.3.2 Had there been no revaluation, the values of specific classes of leasehold land, plant and machinery and transmission grid equipment as at June 30, 2020 and June 30, 2019 under the cost model would have been as follows:

	Cost		Written down value	
	2020	2019	2020	2019
	(Rupees in '000)			
Leasehold land	831,027	831,027	744,896	758,777
Plant and machinery	128,308,018	124,839,371	71,899,638	74,354,341
Transmission grid equipment	54,479,714	40,964,883	40,339,984	26,900,657
	183,618,759	166,635,281	112,984,518	102,013,775

5.1.4 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 are not based on observable market data (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 ability to sell 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.

5.1.5 The cost of fully depreciated assets as at June 30, 2020 is Rs. 37,903 million (2019: Rs. 38,126 million).

5.1.6 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.

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

	Note	2020	2019
		(Rupees in '000)	
Expenses incurred in generation, transmission and distribution	37	15,973,212	13,079,039
Consumers services and administrative expenses	38	3,383,424	2,838,060
		19,356,636	15,917,099

5.2 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							
Annunciation system	12,577	10,190	2,387	252	(2,135)	Tender	Chaudhry Steel Re-Rolling Mills
Debris filter system klump koller	72,942	17,684	55,258	8,000	(47,258)	Tender	Kaleem Ullah Khan
Feeder panel & switch panels	24,591	15,110	9,481	3,149	(6,332)	Tender	Abdullah Engineering Works
Gas engine parts	10,563	6,103	4,460	422	(4,038)	Tender	Beco Steel Re-Rolling Mills
Gas engine accessories, boiler, busbars, breaker feeder & isolators	163,119	102,444	60,675	12,356	(48,319)	Tender	M/S. Bismillah Metal Impex
Pc recorder, control panel, switch & cubical hitass system	21,888	16,904	4,984	438	(4,546)	Tender	Chaudhry Steel Re-Rolling Mills
Transmission grid equipment and lines							
Battery banks	1,382	1,134	248	197	(51)	Tender	Muhammad Ashfaq
Battery banks	1,411	1,257	154	174	20	Tender	Rana Brothers Enterprises
Battery banks & transformer housings	141,233	121,431	19,802	1,304	(18,498)	Tender	Metpak Industries (Pvt) Ltd
Bushing & isolator	13,011	10,559	2,452	714	(1,738)	Tender	Universal Metal Impex (Pvt) Ltd
Copper conductor	32,207	26,736	5,471	307,567	302,096	Tender	Universal Metal Impex (Pvt) Ltd
Fiber optic cable	3,486	2,505	981	849	(132)	Tender	Anwar Ali Traders
Insulator disc	5,444	4,654	790	175	(615)	Tender	Fahad Khan & Co
Insulator disc	42,594	34,568	8,026	456	(7,570)	Tender	S.G.M. Metals Resources
Power transformer	130,784	116,312	14,472	8,177	(6,295)	Tender	M/S. Bismillah Metal Impex
Switch panels & switches	16,808	9,060	7,748	2,152	(5,596)	Tender	Abdullah Engineering Works
Switch panels & switches	20,541	6,537	14,004	288	(13,716)	Tender	Beco Steel Re-Rolling Mills
Distribution networks							
Aluminum cable & breaker, CT & PTS	7,241	5,725	1,516	5,409	3,893	Tender	Universal Metal Impex (Pvt) Ltd
Aluminum cable, breaker, CT & PTS & poles	28,654	25,789	2,865	27,702	24,837	Tender	M/S. Bismillah Metal Impex
Copper cable & transformers-PMTs	13,453	9,907	3,546	26,660	23,114	Tender	Universal Metal Impex (Pvt) Ltd
Copper winding & transformers-PMTs	17,716	12,726	4,990	29,354	24,364	Tender	Atta Metals Pvt Ltd
Poles	6,781	6,103	678	4,737	4,059	Tender	M. Younus Brothers
Poles & transformers-PMTs	1,953	1,418	535	2,372	1,837	Tender	Beco Steel Re-Rolling Mills (Pvt) Ltd
Switches	5,589	5,030	559	1,352	793	Tender	Gada Hussain
Switches	57,414	45,681	11,733	3,094	(8,639)	Tender	Kaleem Ullah Khan
Transformers-PMTs	11,713	7,886	3,827	10,073	6,246	Tender	Abdullah Engineering Works
Transformers-PMTs	2,115	1,364	751	14	(737)	Tender	Metpak Industries Pvt Ltd
Transformers-PMTs	4,454	3,581	873	1,589	716	Tender	Oriental Trading
Transformers-PMTs	36,945	21,875	15,070	9,788	(5,282)	Tender	Trade Connection Logistics
Transformers-PMTs & VCB trollies various ratings	52,731	37,821	14,910	9,823	(5,087)	Tender	M/S. Bismillah Metal Impex
Vcb trollies various ratings	2,876	1,567	1,309	444	(865)	Tender	Faisal & Company
Tools and general equipment							
CCTV cameras	5,750	5,170	580	201	(379)	Tender	Sar Metal Inc
Computer and related equipment							
Note books	18,999	16,774	2,225	3,571	1,346	Buy back policy	Various
Printers	2,452	1,637	815	18	(797)	Tender	Saleem & Co
Vehicles							
Mobile crane	6,474	5,827	647	7,343	6,696	Tender	M.Younus Brothers
Items having written down value below Rs. 500,000							
Plant and machinery	15,140	12,390	2,750	468	(2,282)	Tender	Various
Transmission grid equipment and lines	25,083	19,274	5,809	7,075	1,266	Tender	Various
Distribution networks	9,365	8,264	1,101	4,009	2,908	Tender	Various
Tools and general equipment	7,817	6,854	963	140	(823)	Tender	Various
Furniture, air conditioners and office equipment	13,912	11,812	2,100	1,138	(962)	Tender	Various
Computer and related equipment	23,475	24,036	(561)	254	815	Tender	Various
Vehicles	4,024	3,621	403	4,231	3,828	Tender	Various
	98,816	86,251	12,565	17,315	4,750		
June 30, 2020	1,096,707	805,320	291,387	507,529	216,142		
June 30, 2019	2,396,382	1,802,239	594,143	1,731,443	1,137,300		

5.3 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
Korangi CCPP	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 Complaint 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	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

5.4 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	2020	2019
	(Rupees in '000)					
Balance at beginning of the year	4,056,755	36,529,579	17,802,836	3,835,237	62,224,407	57,079,585
Additions during the year (note 5.4.1)	20,859,179	15,174,346	17,150,725	2,427,266	55,611,516	39,982,823
	24,915,934	51,703,925	34,953,561	6,262,503	117,835,923	97,062,408
Transfers to operating fixed assets and intangible assets (notes 5.1 and 6.1)	(3,134,413)	(25,954,068)	(11,899,190)	(999,061)	(41,986,732)	(34,838,002)
Balance at end of the year	21,781,521	25,749,857	23,054,371	5,263,442	75,849,191	62,224,406

5.4.1 These include borrowing cost capitalised during the year amounting to Rs. 5,693 million (2019: Rs. 4,409 million).

	Note	2020	2019
		(Rupees in '000)	
5.5 Right of use assets			
Cost			
Opening balance		-	
Impact on application of IFRS 16	2.2	146,506	-
Additions during the year		-	-
		146,506	-
Accumulated depreciation			
Opening balance		-	-
Depreciation during the year	5.5.2 & 38	(28,939)	-
		(28,939)	-
Net book value as at June 30		117,567	-

5.5.1 The right of use assets comprise of rented IBCs / office premises acquired on lease by the Company for its operations.

5.5.2 The rate of depreciation is based on the term of the respective agreement and ranges from 11% to 72%.

	Note	2020	2019
		(Rupees in '000)	
6. INTANGIBLE ASSETS			
Computer software			
Cost	6.1	1,643,058	1,402,403
Amortization to date	6.2	(1,330,236)	(1,127,793)
		312,822	274,610
6.1 Cost			
Opening balance		1,402,403	1,268,278
Additions during the year	5.4	240,655	134,125
		1,643,058	1,402,403
6.2 Amortization to date			
Opening balance		(1,127,793)	(976,521)
Amortization during the year	37 & 38	(202,443)	(151,272)
		(1,330,236)	(1,127,793)
Useful life		3 years	3 years

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

	Note	2020	2019
		(Rupees in '000)	
7. INVESTMENT PROPERTY			
Leasehold land - at cost	7.1 & 7.2	3,047,856	-

7.1 In the year 2016, the Company purchased land for development of 700 MW (2x350 MW) coal-based power plant (the Project). The Project was to be developed by a separate company i.e. Datang Pakistan Karachi Power Generation (Private) Limited (DPKPG) and the aforementioned land was to be transferred to DPKPG subsequent to financial close of the Project. However, during the year, the Cabinet Committee on Energy (CCoE) in its meeting held on June 19, 2020 has principally decided for supply of additional power to the Company from national grid and abandonment of the Project. Consequently, the Project has been discontinued by the Company and the related land which was previously classified as 'Held for sale', has now been classified as investment property as its future use is yet to be determined by the Company.

7.2 The fair value of the land, as assessed by an independent third party valuer, amounts to Rs. 3,456 million as at June 30, 2020 (Level 2 inputs).

8. LONG-TERM LOANS

	Note	Secured House building loans (note 8.1)	Unsecured Festival loans (note 8.1)	2020	2019
		(Rupees in '000)			
Considered good					
Executives		-	36	36	36
Employees		251	18,637	18,888	21,606
		251	18,673	18,924	21,642
Recoverable within one year shown under current assets	12	(251)	(2,144)	(2,395)	(2,437)
		-	16,529	16,529	19,205

8.1 House building loans, carrying mark-up @ 6% (2019: 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.

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

8.3 The maximum aggregate amount of loans due from the executives and employees at the end of any month during the year was Rs. 21 million (2019: Rs. 24 million).

	Note	2020	2019
		(Rupees in '000)	
9. LONG-TERM DEPOSITS			
Considered good			
Rental premises and others		11,258	13,734
Considered doubtful			
Rental premises		1,020	1,020
Provision for impairment		(1,020)	(1,020)
		-	-
		11,258	13,734
10. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores, spares and loose tools		13,865,333	12,741,109
Provision against slow moving and obsolete stores, spare parts and loose tools	10.1	(899,111)	(663,348)
		12,966,222	12,077,761

		Note	2020	2019
			(Rupees in '000)	
10.1	Provision against slow moving and obsolete stores, spare parts and loose tools			
	Opening balance		663,348	656,794
	Provision recognised during the year - net	37 & 38	235,763	6,554
			899,111	663,348

11. TRADE DEBTS

	Note	2020	2019
Considered good			
Secured – against deposits from consumers		5,616,216	2,922,893
Unsecured		94,215,647	97,005,164
		99,831,863	99,928,057
Considered doubtful		101,500,529	96,978,188
		201,332,392	196,906,245
Provision for impairment against debts considered doubtful	11.3	(101,500,529)	(96,978,188)
		99,831,863	99,928,057

11.1 The Company maintains deposits from consumers, taken as a security for energy dues (note 23).

11.2 These balances do not include any Late Payment Surcharge (LPS) on receivables from public sector consumers, as fully explained in note 32.1.1, 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, 2020, receivable from government and autonomous bodies amounting to Rs. 49,177 million (2019: Rs. 45,719 million) includes unrecognised LPS of Rs. 8,202 million (2019: Rs.7,252 million); which includes receivable from Karachi Water and Sewerage Board (KW&SB) amounting to Rs. 32,537 million including LPS of Rs. 4,200 million (2019: Rs. 30,321 million including LPS of Rs. 3,833 million) and receivable from City District Government Karachi (CDGK) amounting to Rs. 10,748 million including LPS of Rs. 1,696 million (2019: Rs. 10,184 million including LPS of Rs. 1,496 million).

Upto June 30, 2020, adjustment orders amounting to Rs. 12,434 million (2019: 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.

		Note	2020	2019
			(Rupees in '000)	
11.3	Provision for impairment			
	Opening balance		96,978,188	91,657,035
	Provision made during the year	11.4 & 33.1	13,964,046	18,256,508
			110,942,234	109,913,543
	Write-off against provision during the year	11.3.1	(9,441,705)	(12,935,355)
			101,500,529	96,978,188

11.3.1 This includes write-off of Rs. 7,492 million (2019: Rs. 4,050 million) to be claimed as tariff adjustment in accordance with the criteria prescribed by NEPRA as explained in note 34.2.

11.4 Impairment loss against trade debts determined using the ECL model amounts to Rs. 13,187.845 million, while provision against public sector consumers recognised during the year amounts to Rs. 0.443 million.

11.5 Energy sales to and purchases from Karachi Nuclear Power Plant (KANUPP) are recorded on net basis.

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

	Note	2020	2019
		(Rupees in '000)	
Neither past due nor impaired			
Upto 30 days		36,286,003	39,712,222
Past due but not impaired			
30 days upto 6 months		8,057,792	7,412,049
6 months upto 1 year		7,503,047	8,178,650
1 - 2 years		12,299,420	13,197,247
2 - 3 years		11,061,264	11,338,555
3 - 4 years		9,689,280	8,259,290
Over 4 years		14,935,057	11,830,044
		99,831,863	99,928,057

12. LOANS AND ADVANCES

	Note	2020	2019
Loans – secured			
Considered good			
Current portion of long term loans	8	2,395	2,437
Advances – unsecured			
Considered good			
Employees	12.1	100,393	74,110
Suppliers		1,703,628	794,642
		1,804,021	868,752
Considered doubtful			
Suppliers		130,340	130,340
		1,934,361	999,092
Provision for impairment against advances considered doubtful		(130,340)	(130,340)
		1,804,021	868,752
		1,806,416	871,189

12.1 These are advances to employees for business related expenses.

	Note	2020	2019
		(Rupees in '000)	
13. DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits	13.1 & 13.2	3,484,303	3,314,492
Prepayments			
Rent		11,130	17,057
Insurance and others		99,731	67,434
		110,861	84,491
		3,595,164	3,398,983

13.1 These include Rs. 140 million (2019: Rs. 622 million), representing margins / security deposits held by commercial banks against guarantees, letters of credit and other payments.

13.2 These include Rs. 3,130 million (2019: Rs. 2,485 million) representing deposits under lien against settlement of loans and sukuk repayments with commercial banks. These carry mark-up ranging from 7.5% to 12.45% (2019: 6% to 11.5%) per annum.

	Note	2020	2019
		(Rupees in '000)	
14. OTHER RECEIVABLES			
Considered good			
Sales tax - net		9,272,130	12,361,857
Due from the Government of Pakistan (GoP) and Government of Balochistan (GoB) - net:			
- Tariff adjustment	14.1,14.2 & 14.3	202,455,318	132,129,947
- Interest receivable from GoP on demand finance liabilities		237,173	237,173
		202,692,491	132,367,120
Others		77,733	77,133
		212,042,354	144,806,110

14.1 This includes Rs. 6,037 million (2019: 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 Coordination 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.

14.2 This includes subsidy receivable of Rs. 677 million (2019: 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.

14.3 This includes gas load management plan differential amounting to Rs. 2,618 million (2019: Rs. 2,618 million), outstanding tariff differential claims pertaining to the period January 2014 to December 2014 amounting to Rs. 12,672 million (2019: Rs. 12,672 million), and outstanding industrial support package adjustment amounting to Rs. 34,529 million (2019: Rs. 34,529 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). 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	2020	2019
		(Rupees in '000)	
15. DERIVATIVE FINANCIAL ASSETS			
Cross currency swap	15.1 & 15.2	4,632,953	4,464,424

15.1 The Company has entered into multiple cross currency swap arrangements with commercial banks in connection with foreign currency borrowings as disclosed in notes 21.1 and 21.2. Pursuant to the agreements, the Company's foreign currency borrowings up to USD 95.37 million (2019: USD 83.157 million) and EUR 33.64 million (2019: EUR 39.76 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.

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

	Note	2020	2019
		(Rupees in '000)	
16. CASH AND BANK BALANCES			
Cash in hand		36,679	23,270
Cash with:			
Conventional banks:			
- Current accounts		232,594	531,460
- Deposit accounts	16.1	1,410,773	525,263
- Collection accounts		1,376,518	1,528,353
		3,019,885	2,585,076
Islamic banks:			
- Current accounts		17,331	23,978
- Deposit accounts	16.1	2,192	1,964
- Collection accounts		12,726	30,553
		32,249	56,495
		3,088,813	2,664,841

16.1 These carry mark-up at rates ranging from 6.5% to 7.12% (2019: 7.5% to 9.5%) per annum.

17. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020	2019		Note	2020	2019
				(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	17.2 & 17.3	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	17.4 to 17.8	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		17.1	96,261,551	96,261,551

17.1 KES Power Limited (the Holding Company) held 18,335,542,678 ordinary shares as at June 30, 2020 (2019: 18,335,542,678) i.e. 66.40% of the Company's issued, subscribed and paid up capital.

17.2 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 to issue additional share capital to International Finance Corporation (IFC) and Asian Development Bank (ADB). 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 IFC and ADB, 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.

17.3 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 share premium of Rs. 1,500 million.

17.4 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.

17.5 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, finalized 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.

17.6 As per the decision taken in the Economic Coordination Committee (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.

17.7 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.

17.8 The shareholders of the Company, 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 17.6). 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.

17.9 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, 2020 (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 shareholder's equity is as follows:

	Note	2020	2019
		(Rupees in '000)	
Shareholder's equity in the statement of financial position		210,658,371	214,489,462
Surplus on revaluation of property, plant and equipment - net		(59,232,336)	(65,880,437)
		151,426,035	148,609,025
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		(24,193,490)	(26,908,911)
Adjusted Invested Equity (excluding impact of accumulated losses up to June 30, 2011 and surplus on revaluation of property, plant and equipment)		207,097,206	201,564,775
The Adjusted Invested Equity is summarized below:			
Issued, subscribed and paid up capital	17	96,261,551	96,261,551
Capital reserves	18	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	12,906,079
- FY 2020		5,532,431	-
		129,190,530	123,658,099
		232,833,609	227,301,178
Impact of change in accounting policy on retained earnings (Adoption of IFRS 9 in FY-19)		(25,736,403)	(25,736,403)
Adjusted Invested Equity (excluding impact of accumulated losses up to June 30, 2011 and surplus on revaluation of property, plant and equipment)		207,097,206	201,564,775

18. CAPITAL RESERVES

	Note	2020	2019
Share premium	17.3	1,500,000	1,500,000
Others	18.1	509,172	509,172
		2,009,172	2,009,172

18.1 Others

	Note	2020	2019
Unclaimed fractional bonus shares money	18.1.1	46	46
Workmen compensation reserve	18.1.2	700	700
Third party liability reserve	18.1.3	300	300
Fire and machinery breakdown insurance reserve	18.1.4	508,126	508,126
		509,172	509,172

18.1.1 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.

18.1.2 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.

18.1.3 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.

18.1.4 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.

19. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents revaluation surplus relating to leasehold land, plant and machinery and transmission grid equipment (notes 5.1.3 and 5.1.4). 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.

	Note	2020	2019
		(Rupees in '000)	
Balance as at the beginning of the year		92,789,348	72,762,600
Transferred to unappropriated profit in respect of incremental depreciation charged / disposals during the year, net of deferred tax		(5,647,641)	(4,105,364)
Related deferred tax liability		(2,306,783)	(1,676,839)
Revaluation surplus arising during the year		-	25,808,951
Impairment of revalued plant and machinery recognised during the year	19.1	(1,409,098)	-
		(9,363,522)	20,026,748
		83,425,826	92,789,348
Less: Related deferred tax liability on:			
- Revaluation at the beginning of the year		(26,908,911)	(18,675,205)
- Revaluation surplus arising during the year		-	(7,484,596)
- Incremental depreciation charged / disposals during the year		2,306,783	1,676,839
- Impairment charge recognised during the year		408,638	-
- Effect of change in tax rate		-	(2,425,949)
		(24,193,490)	(26,908,911)
		59,232,336	65,880,437

19.1 During the year, the Company's Board of Directors, in its meeting held on September 25, 2019, authorised the management to execute the Equipment Supply Contract and Construction Contract in connection with the Company's 900 MW Bin Qasim III Combined Cycle Power Plant (BQPS III) and associated transmission projects. As per the Company's plans, Units 3 and 4 of existing Bin Qasim Power Station I (BQPS I) were to be decommissioned with the commissioning of the BQPS III project. Subsequent to year end, Units 3 and 4 of BQPS I have been decommissioned.

In view of the aforementioned resolution of the Board of Directors, effective September 30, 2019 revised remaining useful life was determined for both Units 3 and 4 of BQPS I. Accordingly, in view of the change in the remaining useful lives of Units 3 and 4 of BQPS I and the expected cash inflow pattern, an impairment exercise was carried out as at September 30, 2019 through an external valuer based on whose report an impairment charge amounting to Rs. 1,409 million has been recognised during the year against the revaluation surplus in respect of Units 3 and 4 of BQPS I.

	Note	2020	2019
		(Rupees in '000)	
20. LONG-TERM DIMINISHING MUSHARAKA			
KE Sukuk of Rs. 22,000 million	20.1	8,745,935	13,087,165
KE Sukuk of up to Rs. 25,000 million	20.2	23,574,851	-
		32,320,786	13,087,165
Less: Current maturity shown under current liabilities		(4,400,000)	(4,400,000)
		27,920,786	8,687,165

20.1 During the year ended June 30, 2015, the Company issued 4.4 million KE 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 receipt 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. 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 in these financial statements on the basis of substance of the transaction.

20.2 During the year, the Company received inflows from pre-IPO Sukuk investors aggregating to Rs. 23,708 million equivalent to 4.74 million certificates having face of Rs. 5,000 each, out of which Rs.128 million were paid / utilized as transaction cost. The inflows were primarily used to settle bridge term finance facility from Habib Bank Limited. The Sukuk carries profit at the rate of 3 months KIBOR + 1.7% with tenure of seven years from the issue date. The Company, in this respect, entered into a diminishing musharaka agreement with the investment agent, Pak Brunei Investment Company Limited (trustee on behalf of the Sukuk holders) as a co-owner of the musharaka assets. Under this arrangement the Company sold the beneficial ownership of the musharaka assets i.e. fixed assets located at Grid Stations (excluding any immovable properties), to the investment agent (for the benefit of Sukuk holders) although legal title remains with the Company. The overall arrangement has been accounted for in these financial statements on the basis of substance of the transaction.

	Note	2020	2019
		(Rupees in '000)	
21. LONG-TERM FINANCING			
From banking companies and financial institutions - secured			
Conventional:			
Hermes financing facility	21.1 & 21.5	6,344,837	7,433,975
Sinosure financing facility	21.2 & 21.5	11,825,003	13,679,416
Syndicate Term Finance facility	21.3 & 21.5	12,891,284	12,861,704
GuarantCo. financing facility	21.4 & 21.5	8,009,167	-
Salary refinance scheme	21.6	1,000,000	-
		40,070,291	33,975,095
With Islamic banks:			
Syndicate Term Finance facility	21.3 & 21.5	10,500,000	10,500,000
		50,570,291	44,475,095
Less:			
Current maturity shown under current liabilities		(7,094,066)	(3,247,942)
		43,476,225	41,227,153
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	21.7	26,000	26,000
Current maturity shown under current liabilities		(26,000)	(26,000)
		-	-
		43,476,225	41,227,153

21.1 This represents Pakistan Rupee equivalent outstanding balance of EUR 33.64 million (2019: EUR 39.76 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 utilized 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 which commenced from March 16, 2019 with final repayment due on December 16, 2025. The Company has executed cross currency swaps with commercial banks to hedge the Company's foreign currency principal payment obligations under the facility.

21.2 This represents Pakistan Rupee equivalent outstanding balance of USD 70.366 million (2019: USD 83.158 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 which commenced from March 16, 2019 with final repayment due on December 16, 2025. The Company has executed cross currency swaps with commercial banks to hedge the Company's foreign currency principal payment obligations under the facility.

21.3 This represents outstanding balance 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 installments with first installment due on December 16, 2020 and ending on September 16, 2025.

21.4 This includes Pakistan Rupee equivalent drawdown of USD 25 million disbursed under GuarantCo. supported facility agreement entered into on August 22, 2019, with Standard Chartered Bank, London Branch. This also includes a local currency loan of Rs. 4 billion disbursed under GuarantCo. supported facility entered into on August 29, 2019 with Standard Chartered Bank and Askari Bank Limited as Mandated Lead Arrangers. The USD loan carries mark-up at 3 month LIBOR + 5.5% per annum. The local currency loan carries mark-up at 3 month KIBOR + 1.05% per annum. The loan is to be settled in 14 quarterly installments with first installment due on September 16, 2021 and is repayable by December 16, 2024 for both tranches. The Company has executed cross currency swap with a commercial bank to hedge the Company's foreign currency principal payment obligation under the USD facility. Both the loan facilities have been utilized to fund the capital expenditure related to transmission and distribution projects.

21.5 The above facilities, stated in notes 21.1 to 21.4 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 I), 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.

21.6 This represents drawdowns against a facility obtained from a local commercial bank under the State Bank of Pakistan (SBP) Salary refinance scheme of Rs. 1 billion. The loan has been utilized to partially finance employee payroll for the months of April, May and June 2020. The loan carries a subsidised mark-up of 1.30% per annum and will be settled in 8 quarterly installments with first installment due on January 31, 2021 and ending on October 31, 2022. The facility is secured against joint pari passu hypothecation charge over current assets of the Company.

21.7 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.

22. LEASE LIABILITIES

	Note	2020	2019
		(Rupees in '000)	
Lease liabilities		120,700	-
Less: Current maturity shown under current liabilities	22.1	(23,474)	-
		97,226	-

22.1 The maturity analysis of lease liabilities is as follows:

	Future minimum lease payments	Interest	Present value of future minimum lease payments
		(Rupees in '000)	
Less than one year	38,777	15,303	23,474
Between one and five years	112,329	37,451	74,878
More than five years	25,006	2,658	22,348
	176,112	55,412	120,700

	Note	2020	2019
		(Rupees in '000)	

23. LONG-TERM DEPOSITS

	Note	2020	2019
Long-term deposits	23.1	11,718,860	10,808,331

23.1 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 the business of the Company in accordance with the requirements of written agreements and in terms of section 217 of the Companies Act, 2017.

	Note	2020	2019
		(Rupees in '000)	

24. EMPLOYEE RETIREMENT BENEFITS

	Note	2020	2019
Gratuity	24.1.1	3,514,367	3,425,842
Post retirement medical benefits	24.1.1	633,450	558,753
Post retirement electricity benefits	24.1.1	399,904	390,728
Accumulating leave payable	24.1.14	714,318	719,351
		5,262,039	5,094,674

24.1 Actuarial valuations of retirement benefits

The latest actuarial valuations were carried out as at June 30, 2020, using the "Projected Unit Credit Method", details of which are presented in notes 24.1.1 to 24.1.14.

	Gratuity		Medical benefits		Electricity benefits	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
24.1.1 Net recognised liability						
Net liability at the beginning of the year	3,425,842	2,995,101	558,753	501,037	390,728	339,078
Expense recognised in profit or loss	981,677	776,374	104,675	81,071	96,997	91,745
Contributions / Benefits paid during the year	(672,131)	(577,912)	(85,193)	(82,738)	(72,529)	(85,328)
Remeasurement recognised in other comprehensive income	(221,021)	232,279	55,215	59,383	(15,292)	45,233
Net liability at the end of the year	3,514,367	3,425,842	633,450	558,753	399,904	390,728
24.1.2 Expense recognised in profit or loss						
Current service cost	564,558	505,362	37,846	17,076	13,614	11,209
Past service, termination and settlement cost	-	30,213	-	25,129	45,427	60,285
Net interest	417,119	240,799	66,829	38,866	37,956	20,251
Chargeable in profit or loss	981,677	776,374	104,675	81,071	96,997	91,745

		Gratuity		Medical benefits		Electricity benefits	
		2020	2019	2020	2019	2020	2019
		(Rupees in '000)					
24.1.3	Remeasurement loss / (gain) recognised in other comprehensive income						
	Remeasurement due to change in demographic assumptions:						
	- experience adjustment	(22,883)	145,221	55,215	59,383	(15,292)	45,233
	- return on investment	(198,138)	87,058	-	-	-	-
	Recognised in other comprehensive income	(221,021)	232,279	55,215	59,383	(15,292)	45,233
24.1.4	Reconciliation of liability / (asset) as at reporting date						
	Present value of defined benefit obligation	6,174,367	5,674,189	633,450	558,753	399,904	390,728
	Fair value of plan assets	(2,660,000)	(2,248,347)	-	-	-	-
	Net liability at end of the year	3,514,367	3,425,842	633,450	558,753	399,904	390,728
24.1.5	Movement in present value of defined benefit obligations						
	Balance at the beginning of the year	5,674,189	5,194,757	558,753	501,037	390,728	339,078
	Current service cost	564,558	505,362	37,846	17,076	13,614	11,209
	Past service cost	-	30,213	-	25,129	45,427	60,285
	Interest cost	714,955	431,932	66,829	38,866	37,956	20,251
	Remeasurements: Actuarial (gain) / loss	(22,883)	145,221	55,215	59,383	(15,292)	45,233
	Benefits paid	(756,452)	(633,296)	(85,193)	(82,738)	(72,529)	(85,328)
	Balance at the end of the year	6,174,367	5,674,189	633,450	558,753	399,904	390,728
24.1.6	Movement in fair value of plan assets						
	Balance at the beginning of the year	2,248,347	2,199,656				
	Interest income	297,836	191,133				
	Remeasurements: Actuarial gain / (loss)	198,138	(87,058)				
	Contributions made	672,131	577,912				
	Benefits paid	(756,452)	(633,296)				
	Balance at the end of the year	2,660,000	2,248,347				
24.1.7	Plan assets comprise of:						
	Bank deposits	492,135	803,196				
	Corporate bonds	421,150	294,100				
	Mutual funds	327,476	317,355				
	Government bonds	1,815,705	1,170,036				
	Benefits due	(396,466)	(336,340)				
		2,660,000	2,248,347				

24.1.8 Principal actuarial assumptions used in the actuarial valuation:

Financial assumptions	2020	2019
Discount rate	8.50%	13.50%
Salary increase	6.40%	11.30%
Electricity tariff increase	3.40%	8.20%
Medical cost trend	3.40%	8.20%
Demographic assumptions		
Expected mortality rate	70% of the EFU (61-66)	70% of the EFU (61-66)
Expected withdrawal rate	Moderate	Moderate

24.1.9 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.

24.1.10 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, 2020 actuarial valuation:

	June 30, 2020	
	1% increase	1% decrease
	(Rupees in '000)	
Discount rate	(494,179)	572,724
Salary increase	503,642	(440,721)
Electricity tariff increase	24,517	(21,864)
Medical cost trend	53,219	(46,915)

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.

24.1.11 Maturity profile

Projected payments during the following years is as follows:

	Gratuity	Medical benefits	Electricity benefits
		(Rupees in '000)	
Benefit payments:			
FY 2021	498,006	52,043	28,368
FY 2022	762,466	49,967	29,991
FY 2023	895,411	52,272	33,110
FY 2024	831,097	54,699	33,993
FY 2025	868,368	56,776	38,538
FY 2026-30	4,015,112	315,074	197,577

24.1.12 Plan duration

	Gratuity	Medical benefits	Electricity benefits
	Years		
June 30, 2020	8.40	8.80	7.90
June 30, 2019	7.90	8.70	7.80

24.1.13 Based on the actuarial advice, the Company is to charge approximately Rs. 856 million, Rs. 71 million and Rs. 39 million in respect of gratuity, medical benefits and electrical benefits schemes, respectively, during the year ending June 30, 2021.

24.1.14 Accumulating leaves

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

	Note	2020	2019
		(Rupees in '000)	
25. DEFERRED REVENUE			
Balance at beginning of the year		23,209,643	21,387,917
Recoveries from customers during the year	25.1	3,605,876	3,653,196
		26,815,519	25,041,113
Amortisation for the year	40	(2,001,381)	(1,831,470)
		24,814,138	23,209,643

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

26. DEFERRED TAXATION

26.1 The deferred tax balance as at June 30, 2020 comprise of the following:

	Balance as at July 1, 2018	Impact of change in accounting policy	Recognised in profit or loss	Recognised in OCI	Balance as at June 30, 2019	Recognised in profit or loss	Recognised in OCI	Balance as at June 30, 2020
	(Rupees in '000)							
Deferred tax liability on:								
Accelerated tax depreciation	(27,209,287)	-	(2,740,469)	-	(29,949,756)	(3,978,709)	-	(33,928,465)
Surplus on revaluation of property, plant and equipment	(18,675,205)	-	1,676,839	(9,910,545)	(26,908,911)	2,306,783	408,638	(24,193,490)
	(45,884,492)	-	(1,063,630)	(9,910,545)	(56,858,667)	(1,671,926)	408,638	(58,121,955)
Deferred tax asset on:								
Available tax losses	25,079,653	(7,463,557)	10,699,454	-	28,315,550	(147,197)	-	28,168,353
Provision for gratuity and compensated absences	1,301,412	-	84,550	97,699	1,483,661	132,026	(52,518)	1,563,169
Others	19,503,427	7,463,557	92,472	-	27,059,456	1,330,977	-	28,390,433
	45,884,492	-	10,876,476	97,699	56,858,667	1,315,806	(52,518)	58,121,955
	-	-	9,812,846	(9,812,846)	-	(356,120)	356,120	-

26.2 As at June 30, 2020, the Company has aggregated deferred tax debits amounting to Rs. 134,594 million (2019: Rs. 114,670 million) out of which deferred tax asset amounting to Rs. 58,122 million (2019: 56,859 million) has been recognised and remaining balance of Rs. 76,472 million (2019: Rs. 57,811 million) remains unrecognised. As at year end, the Company's carried forward tax losses amounted to Rs. 360,828 million (2019: Rs. 296,993 million), out of which business losses amounting Rs. 146,592 million (2019: Rs. 107,553) have expiry period ranging between the financial years 2021 and 2026.

27. TRADE AND OTHER PAYABLES

	Note	2020	2019
		(Rupees in '000)	
Trade creditors			
Power purchases		166,541,185	106,967,665
Fuel and gas		23,125,229	24,406,858
Others		27,958,146	9,505,332
	27.1	217,624,560	140,879,855
Accrued expenses	27.2	3,929,817	5,383,551
Advances			
Energy	27.3	1,470,679	2,687,124
Others	27.4	4,649,852	3,773,057
		6,120,531	6,460,181
Other liabilities			
Employee related dues		195,573	198,763
Payable to provident fund		89,724	81,538
Electricity duty	27.5	7,827,233	5,390,423
Tax deducted at source	27.5	681,666	35,237
PTV license fee	27.5	171,301	110,489
Workers' profits participation fund	27.6	3,394,555	4,373,985
Workers' welfare fund	27.7	944,391	944,391
Payable to the Managing Agent - PEA (Private) Limited		28,871	28,871
Others including clawback	32.1.2	26,622,758	26,907,364
		39,956,072	38,071,061
		267,630,980	190,794,648

27.1 These include payable to following related parties:

	2020	2019
Pakistan State Oil Company Limited	2,295,517	4,001,939
Sui Southern Gas Company Limited	20,826,123	19,802,127
BYCO Petroleum Pakistan Limited	3,589	602,792
Central Power Purchasing Agency (Guarantee) Limited	158,882,427	98,012,453
	182,007,656	122,419,311

27.2 These include an aggregate amount of Rs. 1,026 million (2019: Rs. 1,350 million) representing outstanding claims / dues of property taxes, water charges, ground rent and occupancy value payable to various government authorities.

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

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

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

27.6 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 (2019: 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	2020	2019
		(Rupees in '000)	
Balance at beginning of the year		4,373,985	4,413,460
Provision recognised during the year	39	18,900	467,525
Payment made to the fund	27.6.1	(998,330)	(507,000)
Balance at end of the year		3,394,555	4,373,985

27.6.1 This represents payments made to the fund in respect of WPPF for the year ended June 30, 2017 & 2018 (2019: June 30, 2016).

27.7 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.

28. ACCRUED MARK-UP

	Note	2020	2019
		(Rupees in '000)	
Mark-up on long-term financing		247,163	303,262
Mark-up on borrowings relating to Financial Improvement Plans		15,357	15,357
Mark-up on short-term borrowings		1,301,845	904,200
Interest on consumer deposits	32.1.6	1,481,150	1,036,070
Financial charges on delayed payment to suppliers	32.1.1	5,268,823	5,268,823
		8,314,338	7,527,712

29. SHORT-TERM BORROWINGS

	Note	2020	2019
Secured:			
From banking companies:			
Bills payable	29.1 & 29.2	23,113,810	8,445,548
Short-term running finances - Conventional	29.1 & 29.3	25,679,411	27,151,847
- Shariah compliant	29.1 & 29.3	3,244,927	1,000,000
Murabaha finance facilities	29.1 & 29.4	-	4,672,593
Structured invoice financing	29.1 & 29.5	-	998,525
Bridge term finance facility - 1	29.1 & 29.6	-	19,827,238
Bridge term finance facility - 2	29.1 & 29.7	3,400,000	-
		55,438,148	62,095,751
From others:			
KES Power Limited - the Holding Company - unsecured	29.8	17,598	17,379
Islamic Commercial Paper	29.9	17,088,621	9,808,591
		72,544,367	71,921,721

29.1 The total limit of various financing facilities available from banks aggregate to Rs. 83,223 million (2019: Rs. 77,644 million) out of which Rs.26,785 million (2019: Rs. 15,548 million) remained unutilised as of reporting date.

29.2 These are payable to various commercial banks against non funded facilities availed in respect of payments made to fuel suppliers of the Company and Independent Power Producers (IPPs). These are secured against current assets of the Company.

29.3 The Company has arranged various facilities for short-term working capital requirements from multiple commercial banks and a DFI on mark-up basis. These are for a period of one year and carry mark-up of relevant tenure KIBOR + 0.05% to 2% per annum. These facilities 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.

29.4 This represents Murabaha financing facility under Islamic mode of financing to meet the Company's working capital requirements. The facility was repaid in May 2020 and carried effective rate of relevant tenure KIBOR plus 0.25% per annum and was secured against joint pari passu hypothecation charge over current assets.

29.5 This represents structured working capital finance facility obtained from a commercial bank for financing of vendors' payments and carries mark-up rate at the 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.

29.6 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 carried markup at 1 month KIBOR + 1.15% per annum, payable monthly in arrears. The facility was repaid in December 2019 through Pre-IPO Sukuk proceeds. The facility was secured against charge over specific fixed assets.

29.7 This represents drawdown of Rs. 3.4 billion under bridge term finance facility entered into on December 20, 2019 with a local commercial bank to fund 1st tranche of advance payment arising under supply & construction contracts of BQPS-III combined cycle power plant and associated transmission projects of the Company. The facility carries mark-up at 6 month KIBOR + 1.15% per annum, payable in quarterly installments. The facility is repayable within 12 months and is secured against charge over specific grid stations.

29.8 This includes excess funds received from KES Power Limited (the 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.

29.9 These represent four distinct privately placed and unsecured Islamic Commercial Paper (ICP) of 6 months' tenure amounting to Rs. 17.5 billion in aggregate. The proceeds therefrom were utilised for repayments upon maturity of previously issued ICPs and partially to finance the Company's additional working capital requirements. These carry profit at 6 month KIBOR + 0.9% to 1.3% per annum.

	Note	2020	2019
		(Rupees in '000)	
30. SHORT-TERM DEPOSITS			
Service connection deposits	30.1	11,353,762	9,300,060
Suppliers' security deposits		124,406	57,135
Earnest / Retention money	30.2	7,946,141	8,050,532
		19,424,309	17,407,727

30.1 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 25.1).

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

31. PROVISION

	2020	2019
	(Rupees in '000)	
Balance at beginning of the year	21,400	46,450
Provision made during the year	2,700	-
Payments made in respect of out of court settlements	(16,600)	(25,050)
Balance at end of the year	7,500	21,400

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

32. CONTINGENCIES AND COMMITMENTS

32.1 Contingencies

32.1.1 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, 2020, the MoF has released the Company's tariff differential claims aggregating Rs. 392,942 million (June 30, 2019: Rs. 392,942 million) directly to NTDC / CPPA. Additionally, the Company has directly paid Rs. 43,475 million up to June 30, 2020 (June 30, 2019: Rs. 43,475 million) 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 mark-up claim up to June 30, 2020 amounts to Rs. 56,098 million (June 30, 2019: 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 upto June 2020 aggregates to Rs. 92,178 million (June 30, 2019: 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 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 in ensuing paragraphs, significantly affected the Company's liquidity and hence the mark-up claim is not tenable.

During the year ended June 30, 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 IA) 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 in respect of 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.

32.1.2 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 this respect.

32.1.3 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 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.

32.1.4 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 consumers 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.

32.1.5 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 thereagainst 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 the 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, through its counsel maintaining that certain grounds were not taken into consideration while promulgating the 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 judgement (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 judgement (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.

During the year, High Court of Peshawar ruled that the GIDC Act 2015 was constitutional. Aggrieved parties filed an appeal thereagainst 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 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 been 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.

Subsequent to the year end, the Supreme Court of Pakistan vide its decision dated August 13, 2020, has dismissed all the petitions and related appeals in matter of GIDC and declared GIDC Act 2015 to be valid, being within the legislative competence of the parliament, based on the fact that every industrial and commercial entity using natural gas for its business activity must have claimed the burden of the cess as their business expense, being part of the cost of their goods sold or services rendered, and got it adjusted against their business profits. Further, the companies responsible under the GIDC Act 2015, to collect the cess were directed to recover all arrears of GIDC due but not recovered upto July 31, 2020, in 24 equal monthly installments starting from August 1, 2020 without the component of late payment surcharge. In this respect a review petition has been filed by the Company before the Supreme Court of Pakistan on the grounds amongst others that the Company falls within the category of gas consumers who have neither accrued the GIDC in their books nor passed onto their consumers through addition in the cost of electricity. Therefore, the Supreme Court's judgement does not apply to the Company.

The Company's legal counsel is of the opinion that the Company has raised substantive grounds for review and that the review petition has fairly reasonable prospects of success. Accordingly, no liability in respect of GIDC has been recognised in these financial statements. However, if the eventual outcome of this review petition results in any amount payable by the Company on account of GIDC, it will be ultimately recovered through the MYT as a pass-through item.

32.1.6 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 on the constitutional petition. However, on the basis of prudence and as an abundant caution, a provision amounting to Rs. 1,481 million (2019: Rs. 1,036 million) has been recognised in this respect.

32.1.7 Tax related matters are disclosed in notes 42.1 and 42.2

32.2 Claims not acknowledged as debts

32.2.1 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	2020	2019
			(Rupees in '000)	
32.2.2	Fatal accident cases	32.2.5	69,098	77,773
32.2.3	Architect's fee in respect of the Head Office project	32.2.5	50,868	50,868
32.2.4	Outstanding dues of property tax, water charges, custom duty, ground rent and occupancy value	32.2.5	9,652,190	9,389,983

32.2.5 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, regulatory orders, rent of electric poles, and cable and employee related cases. Based on the opinion of the 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.

		Note	2020	2019
			(Rupees in '000)	
32.3	**Commitments**			
32.3.1	Guarantees from banks		6,023,583	6,061,921
32.3.2	Transmission projects		1,504,765	2,059,897
32.3.3	Transmission Project (TP-1000)		6,458,225	7,581,704
32.3.4	BQPS III 900 MW combined cycle power plant and associated transmission project		53,967,541	-
32.3.5	Outstanding letters of credit		4,346,271	7,107,736
32.3.6	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.

32.3.7 Commitments for rentals under Ijarah facilities obtained from Islamic banks in respect of vehicles are as follows:

	Note	2020	2019
		(Rupees in '000)	
- Not later than one year		339,081	233,764
- Later than one year but not later than five years		1,356,324	935,054

These facilities have a tenure of 3 to 5 years. These are secured against promissory notes.

33. SALE OF ENERGY – NET

	Note	2020	2019
		(Rupees in '000)	
Gross sales	33.1	245,774,247	238,732,268
Sales tax		(39,313,828)	(35,752,397)
Other taxes		(12,582,796)	(11,305,300)
Net sales	33.2	193,877,623	191,674,571

33.1 Gross sales are net-off an amount of Rs. 776 million (2019: Rs. 350 million) representing invoices raised during the year for energy consumed but these invoices are considered non-recoverable.

33.2 NET SALES

	Note	2020	2019
		(Rupees in '000)	
Residential	33.2.1	88,230,780	85,025,973
Commercial	33.2.1	34,301,734	33,127,219
Industrial	33.2.1	69,094,751	58,894,339
Karachi Nuclear Power Plant (KANUPP)	33.2.1	802,381	873,937
Fuel surcharge adjustment	33.2.2	(1,222,121)	10,694,210
Others	33.2.1 & 33.2.3	2,670,098	3,058,893
		193,877,623	191,674,571

33.2.1 The above includes net cycle day impact amounting to Rs. 1,037 million (2019: Rs. 502 million).

33.2.2 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.

33.2.3 This includes Rs. 2,094 million (2019: Rs. 2,450 million) in respect of supply of energy through street lights.

34. TARIFF ADJUSTMENT

	Note	2020	2019
		(Rupees in '000)	
Tariff adjustment	34.1 & 34.2	94,929,760	97,444,499

34.1 This represents tariff differential subsidy claim for variation in fuel prices, cost of power purchases, write-off claims, operation and maintenance cost, and adjustments required as per NEPRA's MYT decision and those resulting in adjustment of tariff due from Government.

34.2 Includes Rs. 7,492 million comprising dues of 77,184 customers (2019: Rs 4,050 million comprising dues of 10,353 customers) recognized 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 July 29, 2020 on a provisional basis as part of quarterly tariff adjustment for the fourth quarter ended June 30, 2020 aggregating to Rs. 9,000 million (fourth quarter ended June 30, 2019: Rs.10,500 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, further deliberation is required.

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, 2020 in the system both in the case of active and inactive customers. Furthermore, in the case of inactive customers, the customers were marked as "inactive" in the Company's system i.e. SAP prior to June 30, 2020.

- 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 verified that the write-off of bad debts amount 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 customer, 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, 2020, the Company in addition to the defaulter customer 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 customer 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 customers; 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, 2020 and the corresponding amount has been claimed in the tariff adjustment after verifying underlying facts.

	Note	2020	2019
		(Rupees in '000)	
35. PURCHASE OF ELECTRICITY			
Central Power Purchasing Agency (Guarantee) Limited (CPPA) / NTDC		63,641,689	52,596,037
Independent Power Producers (IPPs)		37,152,224	40,925,497
Karachi Nuclear Power Plant (KANUPP)		2,488,418	1,631,864
		103,282,331	95,153,398

	2020	2019
	(Rupees in '000)	

36. CONSUMPTION OF FUEL AND OIL

	2020	2019
Natural gas / RLNG	70,556,048	58,647,871
Furnace and other fuel / oil	45,631,366	61,968,857
	116,187,414	120,616,728

37. EXPENSES INCURRED IN GENERATION, TRANSMISSION AND DISTRIBUTION

	Note	Generation expenses	Transmission and distribution expenses	2020	2019
		(Rupees in '000)			
Salaries, wages and other benefits	37.1 & 37.2	1,492,279	1,747,621	3,239,900	3,662,575
Stores and spares		1,170,543	330,546	1,501,089	1,739,892
Office supplies		140,275	76,353	216,628	125,854
NEPRA license fee		37,354	52,475	89,829	81,114
Repairs and maintenance		37,244	35,073	72,317	82,103
Transport expense		95,475	166,518	261,993	228,372
Rent, rates and taxes		85,811	69,845	155,656	94,088
Depreciation - PPE	5.1.7	11,726,929	4,246,283	15,973,212	13,079,039
Amortization	6.2	1,878	5,068	6,946	9,885
Interdepartmental consumption		433	392,296	392,729	314,284
Provision against slow moving and obsolete stores, spare parts and loose tools	10.1	158,913	77,427	236,340	4,233
Third party services		1,297,519	1,184,381	2,481,900	2,352,719
Others		537,948	277,847	815,795	868,677
		16,782,601	8,661,733	25,444,334	22,642,835

37.1 This includes Rs. 365 million (2019: Rs. 297 million) in respect of defined benefit plans, Rs. 146 million (2019: Rs. 131 million) in respect of defined contribution plan and Rs. 4 million (2019: Rs. 5 million) in respect of other long term employee benefits.

37.2 Free electricity benefit to employees amounting to Rs. 52 million (2019: Rs. 62 million) has been included in salaries, wages and other benefits.

38. CONSUMERS SERVICES AND ADMINISTRATIVE EXPENSES

	Note	Consumer Services and Billing Expenses	Administrative and General Expenses	2020	2019
		(Rupees in '000)			
Salaries, wages and other benefits	38.1 & 38.2	7,045,730	2,440,085	9,485,815	9,862,136
Bank collection charges		212,585	50,724	263,309	233,720
Transport cost		533,479	153,498	686,977	613,393
Depreciation - PPE	5.1.7	3,114,908	268,516	3,383,424	2,838,060
Depreciation - Right of use asset	5.5	24,314	4,625	28,939	-
Amortization	6.2	43,558	151,939	195,497	141,387
Repairs and maintenance		273,792	72,725	346,517	410,419
Rent, rates and taxes		45,260	144,746	190,006	239,132
Public relations and publicity		54,262	220,952	275,214	202,268
Legal expenses		66,768	146,418	213,186	176,005
Professional charges		-	69,487	69,487	184,470
Auditors' remuneration	38.3	123,548	19,370	142,918	124,613
Directors' fee		-	14,200	14,200	10,150
Office supplies		183,054	345,289	528,343	532,946
Interdepartmental consumption		104,620	61,171	165,791	165,117
Third party services		3,723,908	823,889	4,547,797	3,514,117
Provision against slow moving and obsolete stores, spare parts and loose tools	10.1	(2,403)	1,826	(577)	2,321
Others		383,506	602,576	986,082	912,961
		15,930,889	5,592,036	21,522,925	20,163,215

38.1 This includes Rs. 818 million (2019: Rs. 652 million) in respect of defined benefit plans, Rs. 368 million (2019: Rs. 326 million) in respect of defined contribution plan and Rs. 8 million (2019: Rs. 16 million) in respect of other long term employee benefits.

38.2 Free electricity benefit to employees amounting to Rs. 206 million (2019: Rs. 190 million) has been included in salaries, wages and other benefits.

38.3 Auditors' remuneration

	2020	2019	
	A. F. Ferguson & Co.	A. F. Ferguson & Co.	BDO Ebrahim & Co.
		(Rupees in '000)	
Fee for statutory audit, half yearly review and review of compliance with the Code of Corporate Governance	5,500	5,500	5,500
Fee for cost incurred in respect of bad debts write-off verification as required under MYT 2017-23, assistance in application of IFRS 9 and other assurance services	125,000	75,000	15,000
Fee for certifications and taxation services	11,093	5,489	2,460
	141,593	85,989	22,960
Out of pocket expenses	1,325	14,074	1,590
	142,918	100,063	24,550

	Note	2020	2019
		(Rupees in '000)	
39. OTHER OPERATING EXPENSES			
Exchange loss - net		33,021	4,041,248
Workers' profits participation fund	27.6	18,900	467,525
Interest on consumer deposits	32.1.6	445,080	405,155
Donations	39.1	56,216	78,907
Listing fee		2,868	2,456
Others		40,002	37,738
		596,087	5,033,029

39.1 Donations to the following parties exceed 10% of the total amount of donations made by the Company:

	2020	2019
The Indus Hospital	4,109	12,552
Lady Dufferin Hospital	2,895	9,558
The Kidney Center	3,455	9,543
FWO-Clean Karachi	20,000	-
KE - Employee Support Fund	6,500	-

	Note	2020	2019
		(Rupees in '000)	

40. OTHER INCOME

	Note	2020	2019
Income from financial assets			
Return on bank deposits	40.1	346,902	249,379
Late payment surcharge	40.2	2,561,236	2,327,051
		2,908,138	2,576,430
Income from non-financial assets			
Liquidated damages recovered from suppliers and contractors		120,411	102,118
Scrap sales		203,986	194,385
Amortisation of deferred revenue	25	2,001,381	1,831,470
Service connection charges		1,041,059	1,078,636
Collection charges - TV license fee		129,084	130,879
Gain on disposal of property, plant and equipment	5.2	216,142	1,137,300
Others		1,889,540	512,732
		5,601,603	4,987,520
		8,509,741	7,563,950

40.1 This includes Rs. 1.784 million (2019: Rs. 0.190 million) being return on Shariah Compliant bank deposits.

40.2 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) amounting to Rs. 950 million for the year ended June 30, 2020 (2019: Rs. 737 million) has not been recognised for the reasons detailed in note 11.2.

	Note	2020	2019
		(Rupees in '000)	

41. FINANCE COST

	Note	2020	2019
Mark-up / interest on:			
- Long term financing	41.1	6,001,714	1,688,091
- Short-term borrowings	41.2	7,246,130	3,940,402
		13,247,844	5,628,493
Late payment surcharge on delayed payment to creditors		156,873	3,106
Bank charges, guarantee commission, commitment fee and other service charges		507,838	357,475
Finance cost on lease liabilities		18,032	-
Letters of credit discounting charges		2,806,051	295,603
		16,736,638	6,284,677

41.1 This includes Rs. 3,739 million (2019: Rs. 1,616 million) being mark-up on Shariah Compliant long-term financing.

41.2 This includes Rs. 2,982 million (2019: Rs. 808 million) being mark-up on Shariah Compliant short-term borrowings.

	Note	2020	2019
		(Rupees in '000)	

42. TAXATION

	Note	2020	2019
Current tax charge		(2,962,198)	(1,421,926)
Deferred tax (charge) / credit	26.1	(356,120)	9,812,846
		(3,318,318)	8,390,920

42.1 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 provision 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, were 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, which is pending.

Further on a 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 has been made in this respect.

42.2 The Officer Inland Revenue passed an order dated July 3, 2020 creating sales tax demand of Rs.17,060 million comprising mainly on account of disallowances of input tax claim for alleged non compliance of the provisions of section 73 of the Sales Tax Act 1990, sales tax on zero rated supply and imposition of extra tax and further tax on domestic consumers. The Company has filed appeal before the CIR(A) against the determined order. The Company based on the advice of its tax consultants expects a favorable outcome of the appeal and therefore no provision has been made in this respect.

42.3 Relationship between tax income / (charge) 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 as follows:

	Note	2020	2019
		(Rupees in '000)	
Profit before taxation		359,107	8,882,697
Tax at the applicable tax rate of 29%		(104,141)	(2,575,982)
Tax effect of exempt income		27,529,630	28,258,905
Effects of:			
- Deferred tax not recognised on minimum turnover tax		(2,962,198)	(2,438,503)
- Deferred tax not recognised on tax credits, un-utilized tax losses and others		(27,781,609)	(16,835,314)
- Change in enacted tax rates for future years		-	2,425,949
- Tax on undistributed reserves		-	(444,135)
		(3,318,318)	8,390,920

43. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AND AMORTIZATION (EBITDA)

	Note	2020	2019
		(Rupees in '000)	
Profit before finance cost		17,095,745	15,167,374
Depreciation and amortisation		19,588,018	16,068,371
		36,683,763	31,235,745

	Note	2020	2019
		(Rupees in '000)	

44. (LOSS) / EARNING PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:		
Earnings attributable to ordinary share holders	(2,959,211)	17,273,617
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	27,615,194,246	27,615,194,246
	(Rupees)	
(Loss) / Earnings per share - basic and diluted	(0.11)	0.63

45. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2020			2019		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	(Rupees in '000)					
Directors' fees (note 45.3)	-	14,200	-	-	10,150	-
Managerial remuneration	42,288	-	4,214,525	40,361	-	3,565,641
Bonus	18,150	-	503,086	16,317	-	456,118
Reimbursable expenses	806	-	71,605	259	-	61,644
Contribution to fund	2,185	-	255,824	2,051	-	210,105
	63,429	14,200	5,045,040	58,988	10,150	4,293,508
Number of persons includes those who worked part of the year	1	12	1,562	1	11	1,306

45.1 The Executives and Chief Executive Officer (CEO) of the Company are provided with medical facilities. CEO is also provided with car facility and accommodation.

45.2 The Company also makes contributions for Executives and CEO to gratuity funds, based on actuarial calculations.

45.3 Non-executive directors are paid fees for attending the meetings of the Board of Directors and its committees, with no other remuneration.

45.4 Gratuity amounting to Rs. 105.8 million (2019: Rs. 76.5 million) was paid to outgoing executives.

	Note	2020	2019
		(Rupees in '000)	

46. CASH AND CASH EQUIVALENTS

	Note	2020	2019
Cash and bank balances	16	3,088,813	2,664,841
Short-term running finances	29	(28,924,338)	(28,151,847)
		(25,835,525)	(25,487,006)

47. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2020	2019
		(Rupees in '000)	
47.1 Financial assets measured at amortised cost			
Long-term loans		16,529	19,205
Long-term deposits		11,258	13,734
Trade debts		99,831,863	99,928,057
Loans and advances		2,395	76,547
Deposits		3,484,303	3,314,492
Other receivables		202,770,224	132,444,253
Cash and bank balances		3,052,134	2,664,841
		309,168,706	238,461,129
47.2 Financial assets measured at fair value through profit or loss			
Derivative financial assets	47.2.1	4,632,953	4,464,424

47.2.1 Derivative financial assets 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.

	Note	2020	2019
		(Rupees in '000)	
47.3 Financial liabilities measured at amortised cost			
Long-term diminishing musharaka		32,320,786	13,087,165
Long-term financing		50,596,901	44,501,705
Lease liabilities		120,700	-
Long-term deposits		11,718,860	10,808,331
Trade and other payables		248,377,307	173,310,130
Unclaimed dividend		645	645
Accrued mark-up		8,314,338	7,527,712
Short-term borrowings		72,544,367	71,921,721
Short-term deposits		19,424,309	17,407,727
		443,418,213	338,565,136

48. 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 adhoc 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 swap contracts. The purpose is to manage currency 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:

48.1 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.

48.1.1 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 Dollar, Euro and UK Pound in the form of trade and other payables (note 27), bank balances (note 16) and long-term financing (note 21). As at June 30, 2020, 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. 1,217 million (2019: Rs. 1,475 million) mainly as a result of foreign exchange gains / losses.

48.1.2 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.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	Note	2020	2019
		(Rupees in '000)	
Fixed rate instruments			
Financial assets			
Long term loans		251	429
Financial liabilities			
Lease liabilities		120,700	-
Variable rate instruments			
Financial assets			
Deposit accounts		1,412,965	527,227
Deposits under lien against LC		75,994	1,017,055
		1,488,959	1,544,282
Financial liabilities			
Long term diminishing musharaka		32,320,786	13,087,165
Long term financing		50,570,291	44,475,095
Short-term borrowings		72,526,769	71,904,342
		155,417,846	129,466,602

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. 1,554 million (2019: Rs. 1,296 million).

48.1.3 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.

48.2 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 47, those that are subject to credit risk aggregated Rs. 98,650 million as at June 30, 2020 (2019: Rs. 65,287 million). The analysis below summarises the credit quality of the Company's financial assets as at June 30, 2020.

- 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 represent tariff adjustments due from the GoP.

- The credit quality of the banks with which the Company held balances as at June 30, 2020 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 letters of credit, 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.

48.3 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 arranging 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:

	2020					
	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	50,596,901	59,133,883	4,356,272	5,433,286	49,344,325	-
Long term diminishing musharaka	32,320,786	43,504,374	3,425,824	3,511,983	24,703,084	11,863,483
Lease liabilities	120,700	176,112	28,217	10,560	112,329	25,006
Long-term deposits	11,718,860	11,718,860	-	-	-	11,718,860
Trade and other payables	248,377,307	248,377,307	223,080,555	-	25,231,752	-
Unclaimed dividend	645	645	645	-	-	-
Accrued mark-up	8,314,338	8,314,338	8,314,338	-	-	-
Short-term borrowings	72,544,367	74,654,077	67,753,180	6,900,897	-	-
Short-term deposits	19,424,309	19,424,309	19,424,309	-	-	-
	443,418,213	465,303,905	326,383,340	15,856,726	99,391,490	23,607,349

	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	
Unclaimed dividend	645	645	645	-	-	-
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	-	-	-
	350,497,278	373,176,228	251,360,086	21,740,063	76,297,952	23,778,127

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, 2020 and include both principal and interest payable thereon. The rates of mark-up have been disclosed in notes 20, 21 and 29 to these financial statements.

48.4 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, 2019	28,151,847	44,674,074	44,734,490	13,157,642	11,844,401	142,562,454
Changes from financing cash flows						
Repayment of loan	-	(25,498,356)	-	(4,400,000)	-	(29,898,356)
Proceeds from loan - net of transaction cost	-	25,348,511	6,512,336	23,574,852	-	55,435,699
Receipts of security deposit	-	-	-	-	911,920	911,920
Disbursement of security deposit	-	-	-	-	(1,391)	(1,391)
Total changes from financing activities	-	(149,845)	6,512,336	19,174,852	910,529	26,447,872
Other changes - interest cost						
Interest expense	-	7,246,130	2,720,629	3,281,085	445,080	13,692,924
Interest paid	-	(8,554,466)	(6,747,214)	(3,297,522)	-	(18,599,202)
Exchange loss	-	-	(449,219)	-	-	(449,219)
Amortization of transaction cost	-	-	32,079	58,769	-	90,848
Finance cost capitalised	-	1,705,981	3,986,923	-	-	5,692,904
Changes in running finance	772,491	-	-	-	-	772,491
Total loan related other changes	772,491	397,645	(456,802)	42,332	445,080	1,200,746
Balance as at June 30, 2020	28,924,338	44,921,874	50,790,024	32,374,826	13,200,010	170,211,072

48.5 Hedging activities and derivatives

The Company uses foreign currency denominated borrowings to manage some of its foreign currency transactions exposures. These include cross currency swaps which are designated as cash flow hedge and qualify for hedge accounting (note 4.10).

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 in respect of long-term financing as stated in notes 21.1 and 21.2 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 15).

49. 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, 2020.

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, 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 17.9.

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, 2020 is as follows:

	Note	2020	2019
		(Rupees in '000)	
Long-term diminishing musharaka	20	27,920,786	8,687,165
Long-term financing	21	43,476,225	41,227,153
Long-term debt		71,397,011	49,914,318
Total equity		210,658,371	214,489,462
Total capital		282,055,382	264,403,780
Long-term debt to equity		0.25:1	0.19:1

50 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

50.1 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	-	Common directorship
Central Power Purchasing Agency (Guarantee) Limited	-	State controlled entity
Pakistan State Oil Company Limited (PSO)	-	State controlled entity
Sui Southern Gas Company Limited (SSGC)	-	State controlled entity
Syed Moonis Abdullah Alvi	-	Chief Executive Officer
Riyadh S. A. A. Edrees	-	Non-Executive director
Khalid Rafi	0.000002%	Independent Director
Adeeb Ahmad	-	Non-Executive director
Ch Khaqan Saadullah Khan	-	Non-Executive director
Dr Ahmed Mujtaba Memon	-	Non-Executive director
Jamil Akbar	-	Non-Executive director
Mubasher H. Sheikh	-	Non-Executive director
Muhammad Abid Lakhani	-	Non-Executive director
Ruhail Muhammad	-	Non-Executive director
Shan A. Ashary	-	Non-Executive director
Syed Asad Ali Shah Jilani	0.002%	Non-Executive director
Waseem Mukhtar	-	Non-Executive director
Aadil Riaz	-	Key Management Personnel
Abbas Husain Siahiwala	-	Key Management Personnel
Abdul Khalique	-	Key Management Personnel
Ahsan Anis	-	Key Management Personnel
Ali Kamal*	-	Key Management Personnel
Amir Zafar*	-	Key Management Personnel
Arshad Iftikhar	-	Key Management Personnel
Asif Raza	-	Key Management Personnel
Ayaz Jaffar Ahmed	-	Key Management Personnel
Dale Roger Sinkler	-	Key Management Personnel
Eram Hasan*	-	Key Management Personnel
Faisal Jehangir Malik	-	Key Management Personnel
Faisal Karamat	-	Key Management Personnel
Farooq Niaz	-	Key Management Personnel
Haider Ali	-	Key Management Personnel
Hammad Khalid	-	Key Management Personnel
Haris Jamil Siddiqui	-	Key Management Personnel
Imdad Afzal	-	Key Management Personnel
Jamil A Bajwa	0.00002%	Key Management Personnel
Jeeva Shahid Haroun*	-	Key Management Personnel
Kamran Akhtar Hashmi	-	Key Management Personnel
Khalid Bashir Malik*	-	Key Management Personnel
Mahreen Aziz Khan	-	Key Management Personnel
Mohammad Adil*	-	Key Management Personnel
Muhammad Aamir Ghaziani	-	Chief Financial Officer

Name of related parties	Direct shareholding in the Company	Relationship
Muhammad Ali	-	Key Management Personnel
Muhammad Faizan Mahmood Khan	-	Key Management Personnel
Muhammad Owais Kacka	-	Key Management Personnel
Muhammad Rizwan Dalia	-	Key Management Personnel
Mustafa Kamal	-	Key Management Personnel
Naz Khan	-	Key Management Personnel
Pervez Musani	-	Key Management Personnel
Qazi Nisar Ahmed	-	Key Management Personnel
Rana Muhammad Imran	-	Key Management Personnel
Rehan Sajjad	-	Key Management Personnel
Rizwan Pesnani	-	Key Management Personnel
Sheikh Amer Zia	-	Key Management Personnel
Sheikh Humayun Saghir	-	Key Management Personnel
Syed Fakhar Ahmed*	-	Key Management Personnel
Syed Irfan Ali Shah	-	Key Management Personnel
Wahid Asghar	-	Key Management Personnel
Waqas Bin Najib*	-	Key Management Personnel
Zehra Aneek	-	Key Management Personnel
Employee retirement benefit funds:	-	Key Management Personnel
- Gratuity fund	-	Post employment benefits / plans
- Provident fund	-	Post employment benefits / plans

*These key management personnel resigned / retired from the Company during the year ended June 30, 2020.

50.2 Details of transactions with related parties, not disclosed elsewhere in these financial statements, are as follows:

50.2.1 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:

		2020	2019
		(Rupees in '000)	
Central Power Purchasing Agency (Guarantee) Limited (CPPA) / NTDC	Power purchases	63,641,689	52,596,037
Pakistan State Oil Company Limited	Purchase of furnace oil & other lubricants	42,150,890	54,216,846
Sui Southern Gas Company Limited	Purchase of gas	70,556,048	58,647,871
50.2.2 BYCO Petroleum Pakistan Limited	Purchase of furnace oil & other lubricants	2,440,711	7,241,620
50.2.3 Key management personnel	Managerial remuneration	452,575	443,717
	Other allowances and benefits	229,574	265,851
	Retirement benefits	79,874	39,665
	Leave encashment	3,005	1,392
50.2.4 Provident fund	Contribution to provident fund	1,028,322	914,901

51. 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 thereunder.

52. 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 2020	Average Gross Dependable Capacity 2019	Actual Generation 2020	Actual Generation 2019
	(MW)	(MW)	(Gwh)	(Gwh)
Bin Qasim Power Station - I	1,018	1,061	4,195	4,646
Bin Qasim Power Station - II	526	526	4,278	4,066
CCPP KORANGI	227	229	1,158	1,257
Site Gas Turbine Power Station	96	96	414	368
Korangi Town Gas Turbine	96	96	313	390
	1,963	2,008	10,358	10,727

53. 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. 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, 2020 are located in Pakistan.

54. 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 Enterprises (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 liability of BESOS for the Company's employees is a liability of the fund and the 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.

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 IFRS 2 - "Share Based Payments". 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 the 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.

	2020	2019
55. NUMBER OF EMPLOYEES		
Total number of employees as at the reporting date	10,665	10,331
Average number of employees during the year	10,611	10,262

56. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison. Significant reclassifications are as follows:

From	To	June 30, 2019 (Rupees in '000)
Consumers services and administrative expenses (Note 38)	Impairment loss against trade debts (On statement of profit or loss)	5,033,232

57. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 27, 2020, by the Board of Directors of the Company.

58. GENERAL

All figures have been rounded off to the nearest thousand Pakistan Rupees unless otherwise stated.

Syed Moonis Abdullah Alvi
Chief Executive Officer

Khalid Rafi
Director

Muhammad Aamir Ghaziani
Chief Financial Officer

Pattern of Shareholding (Slab)

As of June 30, 2020

# of Shareholders	Shareholdings Slab			Total Shares Held
5839	1	to	100	168,642
3941	101	to	500	1,296,078
2602	501	to	1000	2,361,630
5399	1001	to	5000	15,767,257
2284	5001	to	10000	18,961,153
933	10001	to	15000	12,186,962
761	15001	to	20000	14,315,800
511	20001	to	25000	12,187,897
367	25001	to	30000	10,572,625
224	30001	to	35000	7,473,334
212	35001	to	40000	8,182,477
124	40001	to	45000	5,381,529
390	45001	to	50000	19,354,233
115	50001	to	55000	6,118,900
146	55001	to	60000	8,619,218
72	60001	to	65000	4,573,526
87	65001	to	70000	6,015,248
100	70001	to	75000	7,402,053
86	75001	to	80000	6,772,884
39	80001	to	85000	3,258,000
38	85001	to	90000	3,364,787
37	90001	to	95000	3,460,478
346	95001	to	100000	34,564,738
39	100001	to	105000	4,031,430
54	105001	to	110000	5,887,786
15	110001	to	115000	1,709,754
31	115001	to	120000	3,675,298
41	120001	to	125000	5,096,574
21	125001	to	130000	2,709,700
23	130001	to	135000	3,079,490
28	135001	to	140000	3,901,440
13	140001	to	145000	1,867,190
73	145001	to	150000	10,940,500
20	150001	to	155000	3,059,016
17	155001	to	160000	2,700,159
15	160001	to	165000	2,442,510
21	165001	to	170000	3,548,650
28	170001	to	175000	4,861,517

# of Shareholders	Shareholdings Slab			Total Shares Held
19	175001	to	180000	3,391,500
12	180001	to	185000	2,204,987
12	185001	to	190000	2,261,695
8	190001	to	195000	1,552,195
134	195001	to	200000	26,776,106
21	200001	to	205000	4,254,849
23	205001	to	210000	4,823,700
11	210001	to	215000	2,346,000
8	215001	to	220000	1,743,142
26	220001	to	225000	5,825,137
5	225001	to	230000	1,142,000
7	230001	to	235000	1,634,500
5	235001	to	240000	1,191,500
6	240001	to	245000	1,459,000
56	245001	to	250000	13,980,440
11	250001	to	255000	2,780,028
7	255001	to	260000	1,811,500
8	260001	to	265000	2,110,500
7	265001	to	270000	1,884,687
13	270001	to	275000	3,572,000
3	275001	to	280000	834,434
3	280001	to	285000	844,000
9	285001	to	290000	2,601,000
2	290001	to	295000	587,000
56	295001	to	300000	16,787,500
9	300001	to	305000	2,727,688
8	305001	to	310000	2,478,264
5	310001	to	315000	1,571,000
4	315001	to	320000	1,270,000
8	320001	to	325000	2,593,000
3	325001	to	330000	986,000
5	330001	to	335000	1,674,000
3	335001	to	340000	1,012,349
3	340001	to	345000	1,032,000
15	345001	to	350000	5,241,490
8	350001	to	355000	2,824,079
1	355001	to	360000	357,000
2	360001	to	365000	730,000
3	365001	to	370000	1,099,000
6	370001	to	375000	2,249,500
1	375001	to	380000	380,000
1	380001	to	385000	382,000
5	390001	to	395000	1,969,000
35	395001	to	400000	14,000,000
3	400001	to	405000	1,209,500
5	405001	to	410000	2,043,764
4	410001	to	415000	1,650,000
2	415001	to	420000	838,000
4	420001	to	425000	1,700,000

# of Shareholders	Shareholdings Slab			Total Shares Held
5	425001	to	430000	2,143,500
3	430001	to	435000	1,301,340
1	440001	to	445000	443,000
11	445001	to	450000	4,950,000
4	450001	to	455000	1,811,000
3	455001	to	460000	1,377,500
2	465001	to	470000	940,000
1	470001	to	475000	472,000
2	475001	to	480000	958,600
3	480001	to	485000	1,450,500
2	485001	to	490000	972,000
3	490001	to	495000	1,481,000
66	495001	to	500000	32,999,000
3	500001	to	505000	1,509,460
3	505001	to	510000	1,521,475
2	510001	to	515000	1,029,000
1	515001	to	520000	520,000
4	520001	to	525000	2,093,000
3	525001	to	530000	1,588,000
1	530001	to	535000	533,000
1	535001	to	540000	537,000
5	540001	to	545000	2,716,500
9	545001	to	550000	4,945,500
1	550001	to	555000	550,500
1	555001	to	560000	560,000
1	565001	to	570000	570,000
1	570001	to	575000	575,000
1	575001	to	580000	577,469
4	580001	to	585000	2,335,000
1	585001	to	590000	588,000
1	590001	to	595000	595,000
19	595001	to	600000	11,400,000
3	600001	to	605000	1,805,853
2	605001	to	610000	1,215,000
1	615001	to	620000	620,000
5	620001	to	625000	3,120,673
1	625001	to	630000	625,500
4	630001	to	635000	2,530,905
1	635001	to	640000	635,470
7	645001	to	650000	4,550,000
1	650001	to	655000	653,000
2	660001	to	665000	1,326,500
4	665001	to	670000	2,679,500
3	670001	to	675000	2,019,826
2	675001	to	680000	1,358,500
1	690001	to	695000	691,648
13	695001	to	700000	9,092,500
1	700001	to	705000	703,158
1	705001	to	710000	707,413

# of Shareholders	Shareholdings Slab			Total Shares Held
1	710001	to	715000	711,500
3	720001	to	725000	2,173,500
1	725001	to	730000	729,999
2	730001	to	735000	1,468,000
2	735001	to	740000	1,476,000
1	740001	to	745000	743,000
4	745001	to	750000	3,000,000
2	755001	to	760000	1,519,000
2	760001	to	765000	1,526,000
2	770001	to	775000	1,543,500
1	775001	to	780000	779,000
2	790001	to	795000	1,584,934
9	795001	to	800000	7,200,000
2	805001	to	810000	1,618,000
2	810001	to	815000	1,630,000
2	815001	to	820000	1,631,500
1	820001	to	825000	821,500
2	825001	to	830000	1,660,000
2	830001	to	835000	1,668,500
1	840001	to	845000	845,000
4	845001	to	850000	3,396,000
2	855001	to	860000	1,714,000
2	865001	to	870000	1,736,000
2	870001	to	875000	1,750,000
1	880001	to	885000	885,000
1	885001	to	890000	890,000
2	895001	to	900000	1,800,000
1	905001	to	910000	910,000
2	910001	to	915000	1,822,500
2	920001	to	925000	1,843,500
1	930001	to	935000	935,000
1	945001	to	950000	950,000
1	950001	to	955000	950,509
1	955001	to	960000	958,000
1	960001	to	965000	960,500
1	965001	to	970000	970,000
3	970001	to	975000	2,925,000
1	975001	to	980000	980,000
1	980001	to	985000	983,000
2	990001	to	995000	1,987,000
34	995001	to	1000000	33,999,000
1	1000001	to	1005000	1,005,000
2	1015001	to	1020000	2,039,000
1	1035001	to	1040000	1,040,000
1	1045001	to	1050000	1,050,000
1	1060001	to	1065000	1,065,000
1	1065001	to	1070000	1,070,000
1	1070001	to	1075000	1,075,000
1	1075001	to	1080000	1,080,000

# of Shareholders	Shareholdings Slab			Total Shares Held
1	1080001	to	1085000	1,080,001
5	1095001	to	1100000	5,500,000
2	1100001	to	1105000	2,203,829
1	1105001	to	1110000	1,110,000
1	1110001	to	1115000	1,112,500
1	1145001	to	1150000	1,150,000
2	1165001	to	1170000	2,339,000
1	1190001	to	1195000	1,191,500
6	1195001	to	1200000	7,200,000
1	1205001	to	1210000	1,209,000
1	1215001	to	1220000	1,217,500
1	1220001	to	1225000	1,225,000
2	1235001	to	1240000	2,477,000
2	1245001	to	1250000	2,493,500
2	1260001	to	1265000	2,527,000
1	1265001	to	1270000	1,268,500
1	1270001	to	1275000	1,275,000
1	1285001	to	1290000	1,287,500
3	1295001	to	1300000	3,900,000
1	1315001	to	1320000	1,317,500
1	1330001	to	1335000	1,332,000
1	1345001	to	1350000	1,350,000
2	1380001	to	1385000	2,769,000
5	1395001	to	1400000	7,000,000
1	1410001	to	1415000	1,410,500
1	1420001	to	1425000	1,424,500
1	1445001	to	1450000	1,450,000
1	1450001	to	1455000	1,450,500
1	1460001	to	1465000	1,465,000
1	1470001	to	1475000	1,475,000
2	1480001	to	1485000	2,962,500
1	1485001	to	1490000	1,485,246
7	1495001	to	1500000	10,500,000
1	1535001	to	1540000	1,537,000
1	1550001	to	1555000	1,554,500
1	1580001	to	1585000	1,585,000
4	1595001	to	1600000	6,398,500
1	1600001	to	1605000	1,602,000
1	1640001	to	1645000	1,640,702
1	1645001	to	1650000	1,650,000
1	1650001	to	1655000	1,655,000
1	1660001	to	1665000	1,660,500
1	1670001	to	1675000	1,674,000
1	1685001	to	1690000	1,685,500
1	1735001	to	1740000	1,739,500
1	1745001	to	1750000	1,750,000
1	1790001	to	1795000	1,795,000
2	1795001	to	1800000	3,600,000
1	1805001	to	1810000	1,810,000

# of Shareholders	Shareholdings Slab			Total Shares Held
1	1810001	to	1815000	1,810,484
1	1815001	to	1820000	1,816,500
1	1845001	to	1850000	1,848,500
1	1855001	to	1860000	1,859,000
1	1880001	to	1885000	1,881,500
1	1915001	to	1920000	1,915,500
1	1945001	to	1950000	1,950,000
1	1950001	to	1955000	1,955,000
1	1980001	to	1985000	1,980,500
9	1995001	to	2000000	18,000,000
2	2015001	to	2020000	4,037,000
1	2025001	to	2030000	2,029,342
1	2045001	to	2050000	2,050,000
1	2050001	to	2055000	2,054,500
1	2095001	to	2100000	2,100,000
1	2120001	to	2125000	2,125,000
1	2125001	to	2130000	2,130,000
1	2130001	to	2135000	2,135,000
1	2140001	to	2145000	2,141,000
1	2145001	to	2150000	2,148,000
1	2170001	to	2175000	2,175,000
1	2175001	to	2180000	2,180,000
2	2195001	to	2200000	4,400,000
2	2245001	to	2250000	4,500,000
2	2295001	to	2300000	4,600,000
1	2330001	to	2335000	2,335,000
1	2345001	to	2350000	2,350,000
1	2365001	to	2370000	2,367,000
1	2395001	to	2400000	2,400,000
1	2400001	to	2405000	2,402,000
1	2445001	to	2450000	2,446,000
1	2490001	to	2495000	2,493,500
4	2495001	to	2500000	10,000,000
1	2505001	to	2510000	2,508,967
1	2560001	to	2565000	2,565,000
2	2565001	to	2570000	5,136,500
1	2595001	to	2600000	2,600,000
1	2640001	to	2645000	2,640,500
1	2645001	to	2650000	2,650,000
1	2680001	to	2685000	2,683,500
1	2685001	to	2690000	2,688,000
1	2695001	to	2700000	2,700,000
2	2715001	to	2720000	5,433,750
2	2720001	to	2725000	5,449,000
1	2745001	to	2750000	2,750,000
1	2815001	to	2820000	2,820,000
2	2850001	to	2855000	5,706,000
1	2870001	to	2875000	2,875,000
3	2895001	to	2900000	8,700,000

# of Shareholders	Shareholdings Slab			Total Shares Held
1	2915001	to	2920000	2,917,000
1	2945001	to	2950000	2,947,000
3	2995001	to	3000000	9,000,000
2	3005001	to	3010000	6,015,500
1	3130001	to	3135000	3,133,000
1	3145001	to	3150000	3,150,000
3	3195001	to	3200000	9,600,000
1	3325001	to	3330000	3,325,500
1	3405001	to	3410000	3,406,000
1	3435001	to	3440000	3,437,676
4	3495001	to	3500000	14,000,000
2	3695001	to	3700000	7,400,000
2	3745001	to	3750000	7,500,000
1	3795001	to	3800000	3,800,000
1	3815001	to	3820000	3,815,500
1	3945001	to	3950000	3,950,000
3	3995001	to	4000000	12,000,000
1	4050001	to	4055000	4,055,000
1	4175001	to	4180000	4,179,500
1	4190001	to	4195000	4,191,000
2	4195001	to	4200000	8,400,000
1	4245001	to	4250000	4,250,000
1	4260001	to	4265000	4,261,500
1	4265001	to	4270000	4,266,500
1	4280001	to	4285000	4,281,000
1	4295001	to	4300000	4,300,000
1	4315001	to	4320000	4,319,500
1	4390001	to	4395000	4,393,000
1	4435001	to	4440000	4,438,000
1	4495001	to	4500000	4,500,000
1	4645001	to	4650000	4,648,000
1	4670001	to	4675000	4,673,775
1	4700001	to	4705000	4,704,000
2	4745001	to	4750000	9,500,000
1	4845001	to	4850000	4,850,000
1	4890001	to	4895000	4,890,500
5	4995001	to	5000000	25,000,000
1	5065001	to	5070000	5,067,500
1	5110001	to	5115000	5,115,000
1	5190001	to	5195000	5,194,500
1	5230001	to	5235000	5,233,000
2	5395001	to	5400000	10,800,000
1	5430001	to	5435000	5,433,750
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	6,076,540
1	6290001	to	6295000	6,291,500
1	6375001	to	6380000	6,380,000

# of Shareholders	Shareholdings Slab			Total Shares Held
2	6395001	to	6400000	12,800,000
1	6480001	to	6485000	6,482,000
1	6500001	to	6505000	6,504,000
1	6550001	to	6555000	6,554,500
1	6620001	to	6625000	6,624,500
1	6745001	to	6750000	6,750,000
1	6795001	to	6800000	6,800,000
1	6850001	to	6855000	6,850,500
1	6870001	to	6875000	6,875,000
1	7000001	to	7005000	7,001,000
1	7100001	to	7105000	7,102,000
1	7135001	to	7140000	7,138,000
1	7465001	to	7470000	7,470,000
1	7995001	to	8000000	8,000,000
1	8675001	to	8680000	8,678,500
1	9705001	to	9710000	9,706,969
4	9995001	to	10000000	40,000,000
1	10140001	to	10145000	10,142,000
1	10160001	to	10165000	10,164,000
1	10495001	to	10500000	10,500,000
1	10885001	to	10890000	10,889,000
1	10910001	to	10915000	10,910,500
1	11150001	to	11155000	11,155,000
1	11170001	to	11175000	11,170,500
1	11720001	to	11725000	11,721,000
1	12190001	to	12195000	12,192,500
1	12495001	to	12500000	12,500,000
1	12595001	to	12600000	12,600,000
1	12720001	to	12725000	12,725,000
1	12875001	to	12880000	12,878,000
1	12995001	to	13000000	13,000,000
1	13155001	to	13160000	13,157,500
1	13995001	to	14000000	14,000,000
1	15115001	to	15120000	15,119,500
1	15185001	to	15190000	15,190,000
1	17130001	to	17135000	17,131,500
1	18100001	to	18105000	18,103,300
1	19630001	to	19635000	19,633,042
1	19995001	to	20000000	20,000,000
1	20495001	to	20500000	20,500,000
1	20850001	to	20855000	20,854,000
1	20995001	to	21000000	21,000,000
1	21355001	to	21360000	21,357,500
1	21995001	to	22000000	22,000,000
1	22225001	to	22230000	22,225,500
1	22690001	to	22695000	22,692,000
1	24050001	to	24055000	24,050,500
1	24995001	to	25000000	25,000,000
1	25580001	to	25585000	25,580,500

# of Shareholders	Shareholdings Slab			Total Shares Held
1	25970001	to	25975000	25,973,500
1	28665001	to	28670000	28,668,000
1	29520001	to	29525000	29,524,500
1	29960001	to	29965000	29,962,500
1	30180001	to	30185000	30,183,000
1	32915001	to	32920000	32,917,688
1	34190001	to	34195000	34,193,000
1	39995001	to	40000000	40,000,000
1	41940001	to	41945000	41,942,000
1	46715001	to	46720000	46,719,000
1	64735001	to	64740000	64,739,000
1	81320001	to	81325000	81,325,000
1	159270001	to	159275000	159,270,500
1	6726910001	to	6726915000	6,726,912,278
1	18335540001	to	18335545000	18,335,542,678
26333				**27,615,194,246**

Categories of Shareholders

As of June 30, 2020

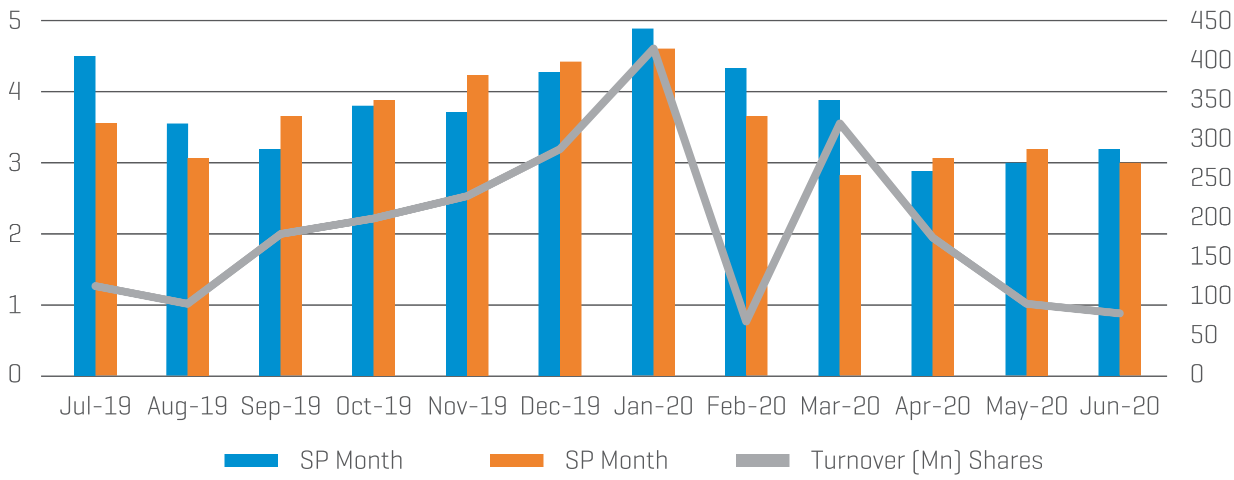
Categories of Shareholders	Number	Total Shares	%Age
Associated Companies, Undertakings and related parties			
AND / OR	-	-	-
Shareholders holding five percent or more voting rights in the Company			
KES Power Limited (Holding Company)	1	18,335,542,678	66.40
President of the Islamic Republic of Pakistan (GOP)	1	6,726,912,278	24.36
Mutual Funds			
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	10,142,000	0.04
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	1,100,000	0.00
CDC - TRUSTEE PICIC INVESTMENT FUND	1	2,640,500	0.01
CDC - TRUSTEE PICIC GROWTH FUND	1	3,325,500	0.01
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	6,400,000	0.02
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	6,750,000	0.02
CDC - TRUSTEE MEEZAN BALANCED FUND	1	11,155,000	0.04
CDC - TRUSTEE FAYSAL STOCK FUND	1	288,500	0.00
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	922,500	0.00
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	765,000	0.00
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	691,648	0.00
CDC - TRUSTEE HBL ENERGY FUND	1	4,438,000	0.02
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	25,000,000	0.09
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	5,400,000	0.02
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	25,973,500	0.09
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	159,270,500	0.58
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	50,000	0.00
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	1,810,484	0.01
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	3,200,000	0.01
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	620,673	0.00
CDC - TRUSTEE NBP STOCK FUND	1	10,164,000	0.04
CDC - TRUSTEE NBP BALANCED FUND	1	355,000	0.00
CDC - TRUSTEE MCB DCF INCOME FUND	1	500	0.00
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1	25,580,500	0.09
CDC - TRUSTEE APF-EQUITY SUB FUND	1	343,000	0.00
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	2,820,000	0.01
CDC - TRUSTEE HBL - STOCK FUND	1	4,393,000	0.02
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	1,005,000	0.00
MC FSL - TRUSTEE JS GROWTH FUND	1	2,947,000	0.01
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	3,200,000	0.01
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	1,262,000	0.00
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	866,000	0.00
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	100,000	0.00
CDC - TRUSTEE NBP SARMAYA IZAFA FUND	1	625,000	0.00
Chevron Pakistan Lubricants (Pvt.) Ltd. EPF	1	79,000	0.00
CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT	1	10,889,000	0.04
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	1,237,000	0.00
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	723,500	0.00

CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	57,000	0.00
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	6,076,540	0.02
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	1	15,000	0.00
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	300,000	0.00
CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	100,000	0.00
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	60,000	0.00
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	187,500	0.00
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	4,673,775	0.02
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	1	125,000	0.00
CDC - TRUSTEE NBP ISLAMIC STOCK FUND	1	3,133,000	0.01
CDC - TRUSTEE NBP SAVINGS FUND - MT	1	815,500	0.00
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	7,830	0.00
CDC - TRUSTEE FAYSAL MTS FUND - MT	1	11,170,500	0.04
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	4,179,500	0.02
CDC - TRUSTEE NBP ISLAMIC ENERGY FUND	1	1,915,500	0.01
CDC - TRUSTEE MEEZAN ENERGY FUND	1	2,141,000	0.01
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	61,500	0.00
CDC - TRUSTEE AGIPF EQUITY SUB-FUND	1	60,000	0.00
CDC - TRUSTEE AGPF EQUITY SUB-FUND	1	33,000	0.00
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	1	491,000	0.00
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	2,054,500	0.01
MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	1	743,000	0.00
CDC - TRUSTEE AL-AMEEN ISLAMIC ENERGY FUND	1	790,434	0.00
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	453	0.00
CDC - TRUSTEE ALLIED FINERGY FUND	1	800,000	0.00
CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	1	505,500	0.00
CDC - TRUSTEE GOLDEN ARROW STOCK FUND	1	12,600,000	0.05
CDC - TRUSTEE FAYSAL ISLAMIC DEDICATED EQUITY FUND	1	1,070,000	0.00
Directors, CEO & their Spouse and Minor Children	2	650,500	0.00
Executives	4	35,100	0.00
Public Sector Companies and corporations	15	56,151,612	0.20
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds			
Banks, Financial Institutions	29	246,049,041	0.89
Investment Companies	5	203,912	0.00
Insurance Companies	21	28,873,240	0.10
Joint Stock Companies	228	367,167,475	1.33
Modarabah Management Companies	3	20,001	0.00
Modarabas	14	3,140,335	0.01
Charitable Trusts	19	1,292,881	0.00
Leasing Companies	1	50,000	0.00
General Public - Local	25,793	1,389,537,049	5.03
Foreign Shareholders	82	45,162,263	0.16
Others	49	23,705,544	0.09
	26,333	**27,615,194,246**	**100.00**

Share Price Sensitivity Analysis

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established a Board Finance Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee regularly reports to the Board on its activities.

Share Price Movement & Turnover



The key factors which directly and indirectly affect the share price of the Company are discussed below.

* 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)
* 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
* 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, 2.3 Billion shares were traded at Pakistan Stock Exchange. The average price of the Company share based on daily closing rated was Rs. 3.53 while low/high during FY 2020 was Rs. 2.57 and Rs. 5.0 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.

The above has been prepared in-house and no external consultant has been engaged for this purpose. Although all due care has been applied in development of this section, however KE will assume no liability in respect of share trading decision in light of the above.

Stakeholders' Engagement

Industries

KE and industries in Karachi have a symbiotic relationship. With Karachi responsible for around 20% of the national GDP, maintaining a constant dialogue with the city's industrial base and the related associations and chambers is of great significance. To that end, KE remains in continuous communication with the city's industrial associations. The power utility interacts with its industrial customer segment on a regular basis to apprise them of challenges and the plans to overcome them, including investments in power infrastructure. A model has been created where a dedicated team always remains engaged with and available to the industrial bodies.

Public Affairs & Government Relations

As an essential service provider, it is important for KE to maintain an open line of dialogue with the government and Karachi's civic agencies. By doing so, we can better navigate the complexities that come with operating in Pakistan's largest city, unique in its socio-economic demographics.

Effective collaboration between KE and the government is essential for ensuring collective efforts towards a sustainable energy future which ensures operational continuity and is in the best interests of the citizens. To that end, an in-house team stays in constant communication with the local and federal government bodies for effective stakeholder management and resolution of joint challenges.

Suppliers

As a vertically integrated power utility, KE maintains a line of communique with vendors supplying to its three business verticals and support functions. Vendors and the quality of the products/services they provide play a key role in ensuring that the Company can power the economic hub of the nation.

To augment its engagement with vendors, KE is in the process of implementing SAP Ariba E-Procurement Platform, fully integrated with SAP. This is the first of its kind implementation in a utility company in Pakistan. This will empower vendors to continue providing with high levels of services, while receiving timely updates about case developments and managing their credentials, all through a click of a button on dedicated dashboards.

Business continuity is ensured by forging tactical partnerships aimed at developing synergies, to best serve consumers. KE ensures that its values and standards are practiced thoroughly by working with the vendors to conduct regular audits and visits.

Media

KE is actively engaged with media stakeholders throughout the year. Using hybrid platforms (electronic, print & digital), KE keeps all stakeholders, including its customers, abreast of the latest developments regarding the power sector, its challenges, investment initiatives, and overall progress.

The power utility regularly engages with business and energy sector reporters with briefing sessions, press conferences and engagement sessions.

Regulators

KE is a public limited company listed on the Pakistan Stock Exchange (PSX). The Company is primarily regulated by the Securities and Exchange Commission of Pakistan (SECP) and PSX. KE also falls under the regulatory purview of the Central Depository Company of Pakistan (CDC) and the State Bank of Pakistan, and is governed under the provisions of Companies Act 2017; Securities Act 2015; PSX Regulations; Listed Companies (Code of Corporate Governance) Regulations; CDC Act 1997 and other applicable laws.

As a power utility, KE is also regulated by the National Electric Power Regulatory Authority (NEPRA), under the provisions of NEPRA Act 1997 and related rules and regulations framed thereunder.

The Government of Pakistan (GoP) through Ministry of Energy (Power Division) notifies the consumer-end tariff considering the Uniform Tariff Policy and socio-economic policy objectives, and the Company remains fully compliant with notifications and directives issued by the GoP from time to time. Moreover, GoP also issues policies and guidelines for the entire power sector, and the Company remains in close collaboration with relevant stakeholders on this front.

The guiding principle of KE's policy for relationship and engagement with all the regulators is based on mutual respect, legal and regulatory compliance in letter and spirit and disclosure and dissemination of material information in a timely manner to ensure transparency at all levels. Interaction and engagement with SECP and PSX are quite frequent primarily in relation to announcement of financial results, changes in Board of Directors and management, disclosure of material and price sensitive information and filing of corporate/statutory returns etc. Moreover, the Company gives due importance to request for any information/document or query routed through the said regulators and promptly responds. Whereas scope of NEPRA engagement includes filing of petitions as per regulatory framework, exchange of information as per requirement, and hearings and meetings as part of the regulatory proceedings.

Institutional & Other Investors

The Company respects and recognises the role and importance of institutional and retail investors, both present and prospective. To facilitate institutional investors, it is ensured that all Company related information and key operational and financial data are uploaded on KE's website and updated on regular basis. Contact persons are notified to entertain any request for further details. The Company as a matter of policy encourages active and meaningful participation of institutional and retail investors in Annual General Meetings of the Company and values their views and suggestions to further improve its performance to benefit all its stakeholders.

Banks and other lenders

KE frequently engages with local & international banks, DFIs, capital market investors and Export Credit Agencies (ECAs), to explore financing options and to keep them apprised of the progress on various ongoing and upcoming projects and strategic initiatives. Furthermore, financial, and other relevant information is shared with lenders as per their reporting requirements and on a need-to-know basis. KE perceives financial institutions and ECAs as important stakeholders and takes necessary steps to ensure that a healthy working relationship is maintained on mutual respect. As a result, banks, capital market investors and foreign institutions such as GuarantCo, Sinosure and Hermes have shown confidence in KE over the years through continued investment and participation in the power utility's financing initiatives.

Awards

1.	9th International Corporate Social Responsibility Award 2020 - in the category of "Corporate-Community Partnership"
2.	BQPS-II - Topmost, Reliable GE Power Plant in Pakistan, Middle East & African regions with GTs average reliability of 99.84%.
3.	Power Utility of the Year – Asian Power Awards 2020
4.	National Fire Safety Award 2019 for the 8th consecutive year
5.	Climate Change Award – 2019 for the 2nd consecutive year
6.	Environmental Risk Assessments Award 2019 for the 6th consecutive year
7.	16th & 17th Annual Environment Excellence Awards 2019 and 2020 for 11th and 12th consecutive year respectively
8.	15th EFP/ILO Award For Best Practices in Occupational Safety & Health – 2019

بارش میں ہنگامی بحالی کا منصوبہ۔ مختصر سے طویل مدتی انتظام

اگست 2020 میں شدید بارشوں کے بعد، حکومت کے نامزد ڈائریکٹر، ایڈیشنل سیکریٹری (پاور) کی سربراہی میں، بورڈ کی ایک خصوصی کمیٹی تشکیل دی گئی تاکہ نیٹ ورک کے استحکام اور تحفظ کو مزید مضبوط کیا جائے اور ایسے مشکل حالات سے نمٹا جاسکے۔ اس سلسلے میں، موجودہ تخمینے کے مطابق، مالی سال 2021 تا مالی سال 2024 کے دوران قلیل مدتی اور طویل مدتی منصوبے کے طور پر 9.5 ارب روپے خرچ ہوں گے۔

اگرچہ کمپنی منصوبے کے مطابق سرمایہ کاری کے لئے پُرعزم ہے جو کہ جدت طرازی اور تکنیکی ترقی کے ذریعے صارف کی بہتری اور قابلِ اعتماد بجلی کی فراہمی کے وژن سے ہم آہنگ ہے، تاہم حکومت کے زیرِ ملکیت مختلف اداروں کے ذمے بڑھتی ہوئی قابلِ وصول رقوم کمپنی کے لئے ایک اہم چیلنج ہے۔ ان اداروں کے ذمے مسلسل قابلِ وصول رقوم میں اضافہ، کمپنی کے فرائض کی ادائیگی میں رکاوٹ بنتا ہے اور نتیجتاً بروقت انداز میں طے شدہ سرمایہ کاریوں کی اہلیت پر اثر انداز ہوتا ہے۔ لہٰذا اس ضمن میں کمپنی اپنے تمام اسٹیک ہولڈرز بشمول حکومتی شعبوں اور اداروں کے علاوہ نیپرا کے ساتھ مسلسل رابطے میں ہے۔

کاروباری تنوع۔ طویل مدتی انتظام

کے۔الیکٹرک کی متفرق حکمت عملی کے حصے کے بطور، کے۔الیکٹرک وینچر کمپنی (پرائیوٹ) لمیٹڈ (KEVCL) کے نام سے ایک مکمل ملکیتی ماتحت ادارہ قائم کیا گیا ہے۔ پاکستان میں توانائی کے شعبے میں کمپنی کی جانب سے کیے جانے والے مختلف اقدامات کے لئے KEVCL ہولڈنگ کمپنی ہوگی۔ ابتدائی طور پر، اس ماتحت ادارے کے پراجیکٹس کا دائرہ کار قابل تجدید توانائی کے میدان میں سرمایہ کاریوں کی ای ویلیوایشن ہے۔

کے۔سولر کے نام سے ایک اور مکمل ملکیتی ماتحت ادارہ، KEVCL کے ماتحت قائم کیا گیا ہے۔ کے۔سولر ڈسٹری بیوٹڈ جنریشن میں مہارت رکھے گا۔ اس کے ساتھ ساتھ KEVCL کے مشترکہ منصوبوں کے تحت وندر، اُتھل، اور بیلا میں 150 میگاواٹ آئی پی پیز پراجیکٹس بھی قائم کیے جائیں گے۔

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، مستقبل کے لئے کمپنی کے پیش نگاہ ایک مثبت منظر نامہ ہے جبکہ کمپنی 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، 27 اکتوبر 2020

(برائے کرم اس بات کا خیال رکھیں کہ اس ڈائریکٹرز رپورٹ کا اردو متبادل صرف معلومات فراہم کرنے کی غرض سے شامل کیا گیا ہے۔ لہٰذا انگریزی میں دی گئی اصل عبارت ہی مستند ہے۔ کسی بھی نوعیت کی تشریح کے لئے انگریزی میں دی گئی ڈائریکٹرز رپورٹ ہی سے رجوع کریں اور اسی پر انحصار کیا جائے۔)

کے-الیکٹرک کے وضع کردہ منصوبے۔ مختصر، درمیانے اور طویل مدتی مقاصد

900 میگاواٹ BQPS-III پراجیکٹ - مختصر سے درمیانی مدت کے انتظام

بجلی کی پیداواری سطح پر، کمپنی نے تیز رفتاری سے 900 میگاواٹ آر ایل این جی پراجیکٹ کو مکمل کرنے کو ہدف بنایا ہے اور اس کے پہلے یونٹ کو 2021 کے موسم گرما میں فعال کرنے کا منصوبہ ہے جبکہ اس پراجیکٹ کی تکمیل 2021 کے آخر میں متوقع ہے۔ مذکورہ 900 میگاواٹ آر ایل این جی پراجیکٹ کی بروقت کمیشننگ کے لئے، اختتام سال کے بعد، کے-الیکٹرک کی جانب سے پلان کردہ مدت کے مطابق BQPS-I کے کم موئثر اور کم قابل اعتماد یونٹس 3 اور 4 کی ڈی کمیشننگ کی جا چکی ہے۔ کورونا کے وبائی مرض اور لاک ڈاؤن سے پراجیکٹ ٹائم لائنز ممکنہ طور پر متاثر ہوسکتی ہیں، جس کے لئے انتظامیہ صورت حال پر گہری نظر رکھے ہوئے ہے اور پلان کردہ ٹائم لائنز کے لئے پوری طرح پُرعزم ہے۔

مزید یہ کہ 900 میگاواٹ آر ایل این جی 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 پراجیکٹس میں لوڈ ڈیمانڈ کی ضروریات کے مطابق جغرافیہ کی بنیاد پر بیک وقت سرمایہ کاری کی جائے گی۔

نیشنل گرڈ سے اضافی سپلائی۔ مختصر مدت کا انتظام

2021 کے موسم گرما میں طلب / رسد کے فرق کو کم کرنے کے لئے حکومت پاکستان، کے-الیکٹرک، این ٹی ڈی سی اور سی پی پی اے سمیت متعلقہ اسٹیک ہولڈرز کے مابین تبادلہء خیال کے بعد کابینہ کمیٹی برائے توانائی (CCoE) نے ایک عبوری انتظام کے طور پر موجودہ انٹرکنکشنز سے اضافی بجلی فراہم کرنے کی منظوری دی ہے، جس کے بعد موجودہ انٹرکنکشنز سے بجلی کی فراہمی کی مقدار 1100 میگاواٹ تک ہو جائے گی۔ اس اضافی بجلی کی فراہمی کو اپریل 2021 تک یقینی بنانے کے لئے کے-الیکٹرک این ٹی ڈی سی سے مستقل رابطے میں ہے، تاکہ این ٹی ڈی سی کی جانب سے بحالی کا کام مارچ 2021 تک مکمل کرلیا جائے۔ اس کے نتیجے میں موجودہ انٹرکنکشنز کے ذریعے اپریل 2021 تک اضافی بجلی کا حصول ممکن بنایا جاسکے گا۔

نیشنل گرڈ سے اضافی سپلائی۔ درمیانے سے طویل مدتی انتظام

بجلی کی طلب میں متوقع اضافے کے پیش نظر 900 میگاواٹ آر ایل این جی منصوبے کے علاوہ کے-الیکٹرک نے آئی پی پی انتظامات کے تحت 700 میگاواٹ کول پراجیکٹ کا منصوبہ بھی بنایا تھا۔ تاہم مطلوبہ منظوریوں میں تاخیر اور نیشنل گرڈ میں دستیاب اضافی بجلی کے مدنظر، کول پراجیکٹ کے بجائے، کمپنی اب نیشنل گرڈ سے اضافی بجلی کے لئے کوشاں ہے۔

اس حوالے سے، کے-الیکٹرک متعلقہ اسٹیک ہولڈرز سے بات چیت کر رہا ہے تاکہ موسم گرما 2022 تک نیشنل گرڈ سے مجموعی فراہمی کو 1,350 میگاواٹ (بیس لوڈ) تک بڑھا سکے، اور بعدازاں موسم گرما 2023 میں 2,050 میگاواٹ ہوجائے اور نتیجتاً نیشنل گرڈ سے اضافی فراہمی کو 1400 میگاواٹ (بیس لوڈ) تک لے جانے سے کراچی کو بجلی کی سرپلس پوزیشن میں لایا جاسکے۔ کمپنی نیشنل گرڈ سے 1,400 میگاواٹ اضافی حصول کے لئے معاہدوں کی مطلوبہ منظوری اور حتمی شکل دینے کے لئے پُرزور انداز میں متعلقہ اسٹیک ہولڈرز سے بات چیت کر رہی ہے۔ کے-الیکٹرک کے سروس ایریا میں طلب و رسد کے ساتھ ساتھ، نیشنل گرڈ سے اضافی بجلی کی فراہمی پاور سیکٹر میں آئیڈل کپیسٹی ادائیگیوں کے بوجھ کو کم کرنے میں معاون ہوگی، جو کہ گردشی قرضوں کے اہم عناصر میں سے ایک ہے۔

نیشنل گرڈ سے اضافی بجلی کے حصول کے لئے، 500 کے وی لیول سمیت نئے گرڈ اسٹیشنز کے قیام کی ضرورت ہے اور اس کی تکمیل کا دورانیہ 2 سے 3 سال ہے۔ چنانچہ، نیشنل گرڈ سے اضافی بجلی کے بروقت حصول کو یقینی بنانے کیلئے کے-الیکٹرک متعلقہ سرمایہ کاریوں کی منظوری کے لئے نیپرا سے رابطے میں ہے۔

قابل تجدید پروجیکٹس برائے متفرق فیول مکس متنوع۔ طویل مدتی انتظام

مذکورہ بالا کے علاوہ، فیول مکس کو متفرق بنانے کے مقصد کے تحت، کے-الیکٹرک 350 میگاواٹ کے حامل مختلف قابل تجدید منصوبوں سے بجلی کے حصول بشمول بلوچستان کے علاقے میں 150 میگاواٹ کے سولر اسٹیشنز قائم کرنے کا ارادہ رکھتا ہے، جو علاقے میں بجلی کی بہتر فراہمی میں اہم کردار ادا کریں گے۔

نقصان میں کمی اور کمیونٹی کی ترقی۔ مختصر سے طویل مدتی انتظام

مزید برآں، کراچی کو لوڈ شیڈنگ فری بنانے اور بجلی کی چوری سے نمٹنے کیلئے کمپنی اپنی کوششیں تیز تر کر رہی ہے، اس سلسلے میں موجودہ زیادہ نقصان کے حامل پی ایم ٹیز پر ایریئل بنڈلڈ کیبل کی تنصیب عمل میں لائی جارہی ہے اور 2023 تک زیادہ نقصان والے تمام پی ایم ٹیز کو اے بی سی میں تبدیل کرنے کا ہدف ہے۔ اس سے کمپنی کو اپنے 93 فیصد سروس ایریا کو Low Loss اور لوڈ شیڈنگ فری کرنے میں مدد ملے گی اور نتیجتاً لوڈ شیڈنگ اوسط طلب کا 1% رہ جائے گی۔

مزید برآں، پراجیکٹ سربلندی کے پہلے مرحلے کی تکمیل کے بعد، دوسرے مرحلے میں مزید چھ IBCs کو شامل کیا گیا ہے، جس میں طے شدہ سرمایہ کاریوں کے ذریعے 1,500 سے زائد پی ایم ٹیز کو اے بی سی میں تبدیل کرنے، ایک لاکھ سے زائد کم قیمت میٹرز کی فراہمی اور کمیونٹی کی بہتری کے اقدامات پر عمل درآمد کرنے کے منصوبے شامل ہیں۔

ڈائریکٹرز کے انتخابات 30 جولائی 2019 کو سالانہ اجلاس عام کے موقع پر منعقد ہوئے جس میں درج ذیل ڈائریکٹرز منتخب/دوبارہ منتخب/نامزد ہوئے:

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 (GoP کی جانب سے نامزد کردہ)
7. مبشر ایچ شیخ
8. محمد عابد لاکھانی (GoP کی جانب سے نامزد کردہ)
9. نیر حسین
10. روجیل محمد
11. ریاض ایس اے اے ادریس
12. شان اے اشعری
13. وسیم مختار (GoP کی جانب سے نامزد کردہ)

بعدازاں، جناب نیر حسین نے کمپنی کے ڈائریکٹر کے عہدے سے 18 ستمبر 2019 کو استعفیٰ دیا اور جناب جمیل اکبر نے بورڈ کی خالی آسامی کو 25 ستمبر 2019 کو پُر کیا۔ جبکہ جناب اکرام المجید سہگل نے کمپنی چیئرمین اور ڈائریکٹر کے عہدے سے 6 نومبر 2019 کو استعفیٰ دیا اور جناب سید اسد علی شاہ کا تقرر بطور ڈائریکٹر 27 جنوری 2020 کو خالی اسامی پر کیا گیا۔ مزید برآں، جناب ریاض ایس اے اے ادریس کو 09 اپریل 2020 کو چیئرمین بورڈ آف ڈائریکٹرز منتخب کیا گیا۔

زیرِ جائزہ سال کے اختتام کے بعد، جناب ریاض ایس اے اے ادریس نے چیئرمین اور ڈائریکٹر کے عہدے سے استعفیٰ دیا اور جناب شان اے اشعری کو 07 ستمبر 2020 کو بورڈ آف ڈائریکٹرز کا چیئرمین منتخب کیا گیا۔

آڈیٹرز

موجودہ قانونی آڈیٹر A.F.Ferguson Chartered Accountants, (*PwC* نیٹ ورک کی ایک ممبر فرم)، اپنی معیاد مکمل کر چکی ہے اور اہل ہونے کے ناطے خود کو دوبارہ تقرری کے لئے پیش کیا۔ 03 جون 2020 کو منعقدہ سالانہ اجلاس عام میں کمپنی کے شیئرز ہولڈرز نے بی اے سی اور بورڈ کی سفارشات پر انہیں مالی سال 2020 کے لئے کمپنی کا قانونی آڈیٹرز مقرر کیا۔

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 4 سال سے زائد کا عرصہ گذر جانے کے باوجود، اس اسٹریٹجک سرمایہ کار نے اپنی بھرپور دلچسپی کا اظہار کیا ہے اور 29 جون 2020 کو شیئرز کے حصول کے لئے اپنی دلچسپی کی تازہ اطلاع عام بھی جاری کی 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، کراچی کے پاور انفرااسٹرکچر اور مقامی پاور سیکٹر کے تکنیکی منظرنامے کو یکسر تبدیل کرنے میں بنیادی عنصر ثابت ہوگا۔

مستقبل کا جائزہ

کے-الیکٹرک ایک متحرک ادارہ ہے جو ترقی و وسعت پانے کے لئے جانفشانی اور ثابت قدمی کا مظاہرہ کرنے کے ساتھ ساتھ 1913 میں اپنے آغاز سے لے کر 107 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 تین سال کے عرصے میں ویلیو چین میں تقریباً 1.5 ارب امریکی ڈالرز کی سرمایہ کاری کے حامل ہیں۔ اس کے نتیجے میں کمپنی توانائی میں خودکفیل ہوجائے گی اور کراچی کے ساتھ ساتھ پاکستان کی معاشی-اقتصادی ترقی میں بھی اہم کردار ادا کرے گی۔ اس کے ساتھ ساتھ کمپنی 2023 سے متوقع طور پر آن لائن ہونے والے 350 میگاواٹ کے قابل تجدید پراجیکٹس میں ایکویٹی اسٹیک کا جائزہ بھی لے رہی ہے۔ تاہم، جیسا کہ کے-الیکٹرک کوسٹ پلس ٹیرف رجیم کے تحت کام کرتی ہے، مجوزہ سرمایہ کاریوں پر عملدرآمد کا انحصار نیپرا کی جانب سے سرمایہ کاری پلان کی بروقت منظوری پر ہے، جسے مڈٹرم ریویو کے حصے کے طور پر کے-الیکٹرک نے جمع کروا رکھا ہے۔

c. ڈائریکٹرز کے مشاہرے کے لئے کمپنیز ایکٹ 2017 اورمندرج کمپنیز (کوڈ آف کارپوریٹ گورنینس) ریگولیشنز 2019 کے مطابق بورڈ آف ڈائریکٹرز ایک باقاعدہ اور شفاف پالیسی رکھتا ہے۔

d. مشاہرے کی مجموعی رقم، ایگزیکٹیواورنان ایگزیکٹیوڈائریکٹرز کے لئے علیحدہ، بشمول تنخواہ/فیس، مراعات، اور کارکردگی کی بنیاد پر دی جانے والی مراعات وغیرہ کی تفصیلات مالی گوشواروں کے نوٹ45میں موجود ہیں۔

کمپنیز ایکٹ، 2017 کی تعمیل

مالی گوشوارے کمپنی کے کاروباری معاملات اوراس کے حالات، کاروباری سرگرمیوں کے نتائج، کیش فلوزاورا یکویٹی میں تبدیلیوں کا منصفانہ جائزہ پیش کرتے ہیں۔ کمپنی نے دوبارہ سرمایہ کاری کے تقاضوں اور مخصوص قرض دہندہ گان کے باعث، ڈیوڈنڈ / 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۔

b. مالی سال کے دوران کمپنی کی بنیادی کاروباری سرگرمیوں اورترقی وکارکردگی کا احاطہ ڈائریکٹرز رپورٹ کے پچھلے صفحات 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. نقصان فی حصص (LPS) برائے اختتام سال 30 جون 2020 کو 0.11 روپے (بیسک/ڈیلیوٹڈ) ہے۔

i. کمپنی نے زیرِ جائزہ سال کے دوران Loss رپورٹ 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 32.3 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 وسماجی 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

زیرِ جائزہ سال کے دوران، بورڈ میں مندرجہ ذیل خالی آسامیاں وقوع پذیر ہوئیں جنہیں مقررہ مدت میں ڈائریکٹرز کی جانب سے پورا کیا گیا:

1- جناب ادیب احمد کا تقرر بطور ڈائریکٹر 4 جولائی 2019 کو خالی آسامی پر کیا گیا۔

2- جناب سید محمد اختر زیدی نے 29 جولائی 2019 کو ڈائریکٹر کے عہدے سے استعفیٰ دیا۔

3- جناب محمد زبیر موتی والا تین سالہ مدت کی تکمیل پر 30 جولائی 2019 کو ڈائریکٹر کے عہدے سے سبکدوش ہوئے۔

نیپرا اتھارٹی کی جانب سے کے-الیکٹرک کے ڈسٹری بیوشن لائسنس میں تبدیلی کی تجویز

ہیومن رائٹس کیس نمبر 20883/2018 کے معاملے میں معزز سپریم کورٹ آف پاکستان نے اپنے آرڈر، مورخہ یکم ستمبر 2020 کے ذریعے نیپرا کو ہدایت کی کہ وہ کمپنی کو دیئے گئے ایکسکلیوسیو ڈسٹری بیوشن رائٹس سے متعلق نیپرا ترمیمی ایکٹ 2018 کے سیکشن 26 کے تحت کارروائی پوری کرے اور اس کی رپورٹ عدالت میں جمع کروائے۔

عدالتی حکم کے مطابق نیپرا نے 21 ستمبر 2020 کو اس معاملے پر اسٹیک ہولڈرز سے تجاویز طلب کرنے کے لئے ایک عوامی سماعت منعقد کی، جس میں کمپنی نے واضح کیا کہ آئیڈل کپیسٹی میں اضافے کی وجہ سے ریگولیٹڈ / کمزور کنزیومر سیگمنٹ کے ٹیرف میں اضافے، ٹی اینڈ ڈی نقصانات میں ممکنہ اضافے اور متمول طبقے کی جانب سے کراس سبسڈائزیشن سے گریز کے باعث، اتھارٹی کی تجویز کردہ تبدیلی دراصل عوامی مفاد کے خلاف ہے۔ چنانچہ مساوی اور منصفانہ موقع فراہم کرنے کے لئے ضروری ہے کہ اوپن مارکیٹس میں جانے سے قبل ''منتقلی کے منصوبے'' سے متعلق ایک واضح پالیسی کو مرتب کیا جائے۔ مزید برآں، اس معاملے پر کارروائی کی جارہی ہے۔

مسابقتی پیش منظر اور مارکیٹ کی صورتحال

سیکٹر کے موجودہ اسٹرکچر کے تحت، پاور ڈسٹری بیوشن کمپنیز کو بجلی کی فروخت اور تقسیم کاری کے ایکسکلیوسیو حقوق حاصل ہیں۔ اسی طرح، کے-الیکٹرک کے پاس جولائی 2023 تک کا ایکسکلیوسیو ڈسٹری بیوشن لائسنس موجود ہے اور کے-الیکٹرک کے خصوصی ڈسٹری بیوشن رائٹس کی بنیاد پر کے-الیکٹرک ایم وائے ٹی کنٹرول پیریڈ مالی سال 2017 تا مالی سال 2023 بھی موجود ہے۔

حکومت پاکستان کی پالیسیوں کے تحت، 2023 کے بعد ڈسٹری بیوشن سیکٹر میں ڈی ریگولیشن متوقع ہے، مگر قانونی ضابطہ کار کے مطابق، تمام اسٹیک ہولڈرز کے بشمول، ایک باقاعدہ تبدیلی بمعہ موزوں ٹیرف اسٹرکچر اس ڈی ریگولیشن پر عملدرآمد کے لئے ضروری ہے اور اس کے ساتھ ساتھ یہ پاکستان میں ایک مسابقتی، منصفانہ اور موثر یوٹیلٹی مارکیٹ قائم کرنے کے مطلوبہ اہداف کے لئے بھی اہم ہے۔

آئی ٹی نیٹ ورک پر سائبر حملہ

اختتام سال کے بعد، کے-الیکٹرک کو سائبر حملے کا سامنا کرنا پڑا، تاہم تمام کسٹمر خدمات بشمول بل ادائیگی کی سہولیات اور 118 کال سینٹر محفوظ اور مکمل فعال رہیں۔ حفاظتی اقدامات کے پیش نظر اور سسٹم کی سالمیت کو یقینی بنانے کے لئے کچھ کم اہمیت کی حامل خدمات کو اس دوران علیحدہ کردیا گیا۔

کے-الیکٹرک کی آئی ٹی ٹیم نے فوری کارروائی کرتے ہوئے بروقت اقدامات کیے تاکہ بلنگ سے متعلق بنیادی خدمات اور آپریشنز کی فعالیت کو یقینی بنایا جاسکے اور ساتھ ہی ساتھ صارفین کو فراہم کی جانے والی دیگر خدمات کی بحالی کو ترجیح دیتے ہوئے، ان سرگرمیوں کی بحالی کے لئے فوری اقدامات کیے گئے۔

آڈیٹرز کا تبصرہ / جائزہ

معاملے کی اہمیت کے پیش نظر ممبرز کو فراہم کی جانے والی غیر جانبدار آڈیٹرز رپورٹ کے سلسلے میں مطلع کیا جاتا ہے کہ:

مالی گوشواروں کے نوٹ 32.1.1 میں دی گئی وضاحت کے مطابق، سرکاری کنٹرول شدہ اداروں کی وجہ سے بقایا واجبات پر سود / مالیاتی چارجز کمپنی صرف اس صورت میں ادا کرے گی، جب کمپنی کے ٹیرف ڈفرنشل کلیمز اور پبلک سیکٹر صارفین کے بجلی کے واجبات سے متعلق قابل وصول رقوم پر مارک اپ / سود حاصل کرے گی اور اس حوالے سے حاصل کی جانے والی قانونی آراء کمپنی کے بیان کی باضابطہ معاونت کرتی ہیں۔

فہرست میں درج کمپنیز (کوڈ آف کارپوریٹ گورنینس) ریگولیشنز، 2019 کے ساتھ تعمیل

a.	ڈائریکٹرز کی مجموعی تعداد بمطابق 26 اکتوبر 2020		13
	i.	خواتین	کوئی نہیں
	ii.	مرد	12
	iii.	خالی آسامی	01
	تشکیلی ساخت		
	i.	خودمختار ڈائریکٹر	01
	ii.	نان ایگزیکٹیو ڈائریکٹرز	10
	iii.	ایگزیکٹیو ڈائریکٹرز	01
	iv.	خالی آسامی	01

b. بورڈ کمیٹیوں کے ممبران کے نام اس سالانہ رپورٹ کے سیکشن "کمپنی پروفائل" کے تحت "کمپنی کی معلومات" میں دیئے گئے ہیں۔

نیٹ ورک کی حفاظت اور تحفظ کو بڑھانے کے لئے اقدامات

2019 کی مون سون بارش سے حاصل ہونے والے تجربات کے پیش نظر، کمپنی نے ارتھنگ اور گراؤنڈنگ کے لئے حفاظتی طریقہ کار اور مشقوں کا دوبارہ جائزہ لیا۔اس کے علاوہ کمپنی ارتھنگ اور گراؤنڈنگ کے نیٹ ورک کا دوبارہ جائزہ لینے میں بھی مصروفِ عمل ہے جس میں سسٹم میں ٹیگنگ کے ساتھ کے-الیکٹرک کے سسٹم میں موجود ہر ایک پول کی جانچ پڑتال کی جارہی ہے۔ایل ٹی پولز کی جانچ کا یہ عمل جولائی 2020 میں مکمل ہو چکا ہے۔

کیبل اور انٹرنیٹ آپریٹرز کی جانب سے بجلی کے پولز کے غیر قانونی استعمال کے معاملے کی کے-الیکٹرک پیروی جاری رکھے ہوئے ہے اور ان غیر قانونی کیبلز کو اپنے نیٹ ورک سے ہٹانے کا عمل مسلسل جاری رکھتے ہوئے متعلقہ اتھارٹیز سے رابطے میں ہے۔

اگر چہ کے-الیکٹرک اپنے صارفین کو محفوظ اور قابلِ اعتماد بجلی کی فراہمی کو یقینی بنانے کے لئے پُرعزم 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 (کووڈ 19) ایک عالمی وباء

ورلڈ ہیلتھ آرگنائزیشن (WHO) نے 11 مارچ 2020 کو کورونا وباء کو عالمی وبائی مرض قرار دیا۔صورتحال کو کنٹرول کرنے کے لئے WHO اور حکومت نے مخصوص حفاظتی اصول جاری کیے جن پر کمپنی سختی سے عمل پیرا ہے۔کراچی میں اپنے اہم کردار کے پیش نظر، کمپنی نے آپریشنز کو رواں اور قابل اعتماد رکھنے کے لئے اپنی تمام تر کوششیں بروئے کار لائی اور ساتھ ہی ساتھ بلوں کی تاریخ میں توسیع، بلوں کی موخر وصولی، لیٹ پیمنٹ سرچارج کی معافی اور لوڈشیڈ سے استثنٰی کے ساتھ صارفین کو زیادہ سے زیادہ ریلیف کو یقینی بنایا۔

مگر لاک ڈاؤن کی وجہ سے کمپنی کی فنانشل پوزیشن پر منفی اثر پڑا جس کا بنیادی سبب ٹی اینڈ ڈی نقصانات میں اضافہ اور حکومتی ہدایات کے مطابق کمپنی کی جانب سے بعض صارفین کو ریلیف دینے کے باعث لاگت میں اضافہ ہے، جیسا کہ مالی گوشواروں کے نوٹ 3 میں زیادہ تفصیل سے بیان کیا گیا ہے۔تاہم جاری سرمایہ کاریاں آئندہ سالوں میں کمپنی کی آپریشنل کارکردگی میں بہتری لانے میں مدد فراہم کریں گی۔

کورونا کے دوران صارفین کو خصوصی سہولیات کی فراہمی کے اقدامات

کورونا وباء کے دوران، کمپنی بنیادی تنظیمی قدر پر عمل پیرا رہتے ہوئے صارفین کی بہتری کے حوالے سے اقدامات میں مصروف رہی ۔ کے-الیکٹرک کے سوشل میڈیا پلیٹ فارمز، 118 کال سینٹر اور کے-الیکٹرک لائیو ایپ نے لاک ڈاؤن کے دوران صارفین سے رابطے میں اہم کردار ادا کیا۔ کے-الیکٹرک نے بینک برانچوں میں آمدورفت کم کرنے کے لئے ادائیگی کی متبادل سہولیات متعارف کروائیں۔جن میں بائیکیا اور Daraz سے اشتراک بھی شامل ہے اور ساتھ ہی ساتھ کمپنی نے مختلف ڈیجیٹل بینکنگ پلیٹ فارمز کے ذریعے بلوں کی آن لائین ادائیگی بھی یقینی بنائی۔

فرنس آئل کی کمی اور پاور سپلائی کے مسائل

جون اور جولائی 2020 کے دوران، کے-الیکٹرک کے کنٹرول سے باہر عوامل بشمول فرنس آئل (ایف او) کی کمی کراچی میں پاور سپلائی میں شارٹ فال کا بنیادی سبب بنی، جو کہ ایک ملک گیر مسئلہ تھا۔فرنس آئل کی شدید قلت کی وجہ سے کے-الیکٹرک بن قاسم پاور اسٹیشن -I,(BQPS-I) سے پیداوار اور کے-الیکٹرک کے فرنس آئل پر چلنے والے ایف او بیسڈ آئی پی پیز (ٹپال اور گل احمد) کی سپلائی کم رہی۔ اس کے ساتھ ساتھ کے-الیکٹرک کورنگی اور سائٹ گیس پاور پلانٹس پر گیس پریشر میں کمی ہوا کے کم دباؤ کے باعث ونڈ پاور پلانٹس (نیشنل گرڈ 150 میگا واٹ) سے کم سپلائی اور جولائی 2020 میں کینپ پلانٹ کی بندش نے پاور کی طلب ورسد پر منفی اثر مرتب کیا۔

پاور سپلائی کے حوالے سے درج بالا مشکلات کے باعث، کے-الیکٹرک کو مجبوراً لوڈشیڈ سے مستثنٰی علاقوں میں بھی لوڈ مینجمنٹ کرنا پڑی تا کہ دستیاب سپلائی کے مقابلے میں طلب زیادہ ہونے پر ایک مخصوص کنزیومر سیگمنٹ کو اضافی بوجھ سے بچایا جا سکے۔

اس حوالے سے، نیپرا نے ایک شوکاز نوٹس جاری کیا اور نیپرا ترمیمی ایکٹ 2018 کی شق 27B اور 28 کے تحت کارروائی کا آغاز کیا۔ کے-الیکٹرک نے اپنا تفصیلی جواب جمع کروایا اور بعد ازاں نیپرا نے 27 اگست 2020 کے آرڈر کے ذریعے کمپنی پر 200 ملین کا جرمانہ عائد کیا۔

نیپرا آرڈر کے جواب میں، کے-الیکٹرک نے نیپرا میں نظر ثانی درخواست دائر کی جس میں کمپنی اپنے موقف پر قائم رہی کہ بجلی کی کمی کا سبب کے-الیکٹرک کے کنٹرول سے باہر عوامل تھے، جیسا کہ اوپر درج ہیں۔اپنے دعوے کو مزید مضبوط کرنے کے لئے، نظر ثانی درخواست کے سلسلے میں، کے-الیکٹرک نے، ملک بھر میں پیٹرولیم مصنوعات کی قلت پر مختلف آئل مارکیٹنگ کمپنیز کو اوگرا کی جانب سے کی گئی انکوائری / شوکاز نوٹس کے اجراء پر، اضافی ثبوت بھی جمع کروائے۔لہٰذا، یہ معاملہ نیپرا کی جانب سے ابھی جائزے کے مرحلے میں ہے۔

اسلامک کمرشل پیپر

مالی سال 2020 میں کمپنی نے اپنے جاری کردہ گزشتہ (آئی سی پی) کی میچورٹی کو فنڈ کرنے اور جزوی طور پر اضافی ورکنگ کیپیٹل کی ضروریات کو پورا کرنے کے لئے 35 ارب روپے کی لاگت کے، 6 ماہ کی میعاد والے نجی طور پر وقوع پذیر چھ مختلف اسلامک کمرشل پیپرز کے اجراء کے ذریعے اسلامک کمرشل پروگرام کو جاری رکھا۔ کے-الیکٹرک کے آئی سی پی پروگرام کے لئے کیپیٹل مارکیٹ کی جانب سے جاری تعاون کے باعث کمپنی نے نہ صرف قرض کے پورٹ فولیو کے تنوع کو برقرار رکھا بلکہ کمپنی کے اسٹریٹیجک پراجیکٹس کی کفالت کے لئے کچھ بینکوں کی فنانسنگ حدود کو بھی محفوظ کیا۔

900 میگاواٹ کے BQPS-III پراجیکٹ پر سرمایہ کاری

کمپنی اپنے 650 ملین امریکی ڈالرز سے زائد کی لاگت کے 900 میگاواٹ کے حامل BQPS-III پراجیکٹ پر تیزی سے کام کر رہی ہے جس کی سرمایہ کاری مقامی اور غیر ملکی قرضوں کے اشتراک سے ہوگی۔

غیر ملکی قرضوں کی تکمیل ایکسپورٹ کریڈٹ ایجنسی (ECA) کے انشورنس کور کے ذریعے ہوگی۔ جرمن (ECA)، Euler Hermes نے پراجیکٹ کے جرمن جزو کی فنانسنگ کے لئے ECA انشورنس کور کی فراہمی کے لئے اپنی منظوری دیدی ہے، جبکہ چینی جزو کے لئے چینی Sinosure ECA بھی منظوری کے مرحلے میں ہے۔ مقامی اور غیر ملکی فنانسنگ کے انتظام کے لئے مختار نامہ بھی تیار ہو چکا ہے تا کہ پراجیکٹ کے بروقت فنانشل کلوز کو یقینی بنایا جا سکے۔

تخصیصِ وسائل اور کیپیٹل اسٹرکچر

وسائل کی تخصیص طے شدہ منصوبوں پر مؤثر عمل درآمد کے لئے ایک اہم سرگرمی ہے۔ کمپنی اپنے کارپوریٹ مقاصد اور قلیل، اوسط اور طویل مدت کے اہداف کو مدِنظر رکھتے ہوئے تخمینے کے بعد کے مرحلہ اور طویل مدتی بزنس پلان کے ذریعے وسائل مختص کرتی ہے۔

ٹیرف سے متعلقہ معلومات کی اپ ڈیٹ

مڈٹرم ریویو

کے-الیکٹرک کے ایم وائے ٹی میں مڈٹرم ریویو کا طریقہ کار شامل ہے جس میں نیپرا، ٹیرف میں کئے گئے کچھ مفروضات کا دوبارہ تعیّن کرے گی بشمول روپے کی قدر میں کمی، مقرر کردہ سرمایہ کاریوں کے برعکس کی گئی سرمایہ کاری اور کے-الیکٹرک کے اختیار سے باہر ورکنگ کیپٹل ضروریات کے مفروضات بھی شامل ہیں۔

لہٰذا، کمپنی نے 11 مارچ 2020 کو اپنی ایم وائے ٹی مڈٹرم ریویو پٹیشن دائر کی، جس میں مطلوبہ سرمایہ کاریوں کے لئے پلان میں ترمیم کی درخواست کی گئی بشمول نیشنل گرڈ سے اضافی بجلی کے حصول کے لئے گرڈ کا قیام، روپے کی قدر میں کمی کے اثرات بمتعلق 900 میگاواٹ پراجیکٹ، نیٹ ورک کی مجموعی حفاظت اور بھروسہ مندی بڑھانے کے لئے درکار سرمایہ کاریوں کے ساتھ ساتھ کمپنی کے اختیار سے باہر دیگر عوامل کی ایڈجسٹمنٹ مثلاً تقسیم کردہ یونٹس میں اضافے کا ٹارگٹ، KIBOR/LIBOR ریٹس اور ورکنگ کیپٹل پر نظر ثانی کی درخواست کر رکھی ہے۔

اس سلسلے میں نیپرا کی جانب سے 16 اور 17 ستمبر 2020 کو ایک عوامی سماعت مقرر کی گئی جس کے دوران کے-الیکٹرک انتظامیہ نے کورونا کی وبا کے باعث ''کی پرفارمنس انڈیکیٹرز'' میں ایڈجسٹمنٹ کی درخواست کی، کمپنی توقع کرتی ہے کہ ٹیرف میں ضروری ردوبدل کی اجازت دی جانی چاہیے، جو کمپنی کی موثر کارکردگی اور استحکام کے لئے ضروری ہے اور یہ کمپنی کو پاور ویلیو چین میں مطلوبہ سرمایہ کاریاں کرنے میں بھی مدد کرے گی۔

ایم وائے ٹی طریقہ کار کے مطابق سہ ماہی ٹیرف ایڈجسٹمنٹ

مزید یہ کہ کے-الیکٹرک نے اپریل 2019 سے جون 2020 تک کے لئے سہ ماہی ٹیرف میں ایڈجسٹمنٹ کی درخواست کر رکھی ہے، جس کا تعیّن نیپرا کی جانب سے زیر التواء ہے۔ کے-الیکٹرک کی جانب سے سہ ماہی ٹیرف ایڈجسٹمنٹ کے لئے دائر کردہ درخواست میں ریکوری لاس کے بدلے میں ایڈجسٹمنٹ کا مطالبہ نیپرا کے فراہم کردہ طریقہ کار کے مطابق ہے، (بیڈ ڈیٹ کے حوالے سے جس کی اجازت کے-الیکٹرک کے ایم وائے ٹی میں دی گئی ہے)۔ جیسا کہ مالی بیانات کے نوٹ 34.2 میں مکمل طور پر واضح کیا گیا ہے۔ مذکورہ ایڈجسٹمنٹ کے لئے نیپرا کی منظوری کا انتظار ہے اور اس سلسلے میں کمپنی نیپرا کے ساتھ مسلسل رابطے میں ہے۔ اگرچہ مالی سال 2017 سے مالی سال 2019 کے دعوے نیپرا کی منظوری کے لئے زیر التواء ہیں، تاہم آڈیٹرز مالی سال 2020 کے دعوں کی توثیق کر چکے ہیں جنہیں نیپرا میں دائر کیا جائے گا۔

کے-الیکٹرک کی ایم وائے ٹی پر اپیلٹ ٹربیونل میں زیر التواء اپیل

ٹیرف لیول میں کمی کے ساتھ ساتھ ٹیرف اسٹرکچر میں تبدیلی کے اہم مضمرات کو مدنظر رکھتے ہوئے، کے-الیکٹرک نے اپیلٹ ٹربیونل میں درخواست دائر کر رکھی ہے جو زیر التواء ہے۔ اپیلٹ ٹربیونل کی تشکیل سے متعلق حکومت پاکستان نے نوٹیفیکیشن جاری کر رکھا ہے، تاہم، اپیلٹ ٹربیونل کو فعال کرنا باقی ہے اور اس سلسلے میں معزز سپریم کورٹ نے بھی حکومت پاکستان کو اپیلٹ ٹربیونل کو جلد از جلد فعال کرنے کی ہدایت کی ہے، جیسا کہ مالی گوشواروں کے نوٹ 1.5 میں بھی واضح کیا گیا ہے۔

اس کے علاوہ کے-الیکٹرک جن کمیونیٹیز کو خدمات فراہم کرتا ہے ان کی ترقی کے ساتھ ساتھ بجلی کی محفوظ اور قابل بھروسہ فراہمی کے اپنے عزم سے ہم آہنگ ہوتے ہوئے، مالی سال2020 میں کے-الیکٹرک نے "پراجیکٹ سربلندی" کا آغاز کیا،اس پراجیکٹ کا مقصد نہ صرف لوڈشیڈنگ میں کمی لانا ہے بلکہ اس کا مقصد محفوظ بجلی کا ماحول فراہم کرنے کے ساتھ،اے بی سی کی مکمل تنصیب کے ذریعے نیٹ ورک کی اپ گریڈیشن،اے ٹی اینڈ سی نقصانات میں کمی کے ذریعے لوڈشیڈنگ میں مزید کمی کرنے اور کمیونٹی کی شمولیت کی سرگرمیوں کے ذریعے علاقوں کی ترقی اور مزید بہتری لانا ہے۔اس سال کے دوران غیر متوقع لاک ڈاؤن کی صورتحال اور ٹیموں کو درپیش چیلنجز کے باوجود، پراجیکٹ نے پانچ ملین سے زائد لوگوں پر مثبت اثرات مرتب کیے، جو کہ 1000 سے زائد پی ایم ٹیز کی اے بی سی میں تبدیلی اور 100,000 سے زائد صارفین کے لئے سستے میٹرز کی دستیابی کی وجہ سے ممکن ہوا۔

حکومتی اداروں اور محکموں سے واجب الوصول رقم میں مسلسل اضافہ

گردشی قرضے، پورے سیکٹر کے استحکام اور مجموعی معیشت کو خطرہ میں ڈالتے ہوئے، بجلی کے شعبے کے لئے سنگین چیلنج بنے ہوئے ہیں،اور یوں پورے سیکٹر کا اسٹرکچر تعمیرِنو کا متقاضی ہے۔

30 ستمبر 2020 تک وفاقی اور صوبائی اداروں سے کے-الیکٹرک کی خالص قابل وصول رقم بنیادی طور پر 80 ارب روپے سے زائد ہے۔ادھر یہ بات بھی زیرِغور لانا اہم ہے کہ ایس ایس جی سی اور سی پی پی اے/این ٹی ڈی سی کی جانب سے مطالبہ شدہ رقوم متنازعہ سود کے باعث مجموعی طور پر بڑھی ہوئی ہیں،اور یہ معاملہ عدالت میں زیرِغور ہے،جس کا معزز عدالتوں سے فیصلہ آنا باقی ہے۔

30 ستمبر 2020 تک حکومتِ پاکستان کی جانب سے کے-الیکٹرک کو واجب الادا رقم بشمول، کراچی واٹر اینڈ سیوریج بورڈ (کے ڈبلیو ایس بی) کی جانب سے 30 ارب روپے سے زائد واجب الادا ہیں جو مکمل موافقت میں ہیں۔کے ڈبلیو ایس بی کی کراچی شہر کے لئے اسٹریٹیجک اہمیت کی وجہ سے کے-الیکٹرک نے کے ڈبلیو ایس بی کے پمپنگ اسٹیشنز اور دیگر عوامی شعبوں کے اداروں کو بجلی کی فراہمی میں ترجیح دی ہے جو کہ شہر کو فعال رکھنے کے لئے ضروری ہیں۔اس بات پر غور کرنا بھی ضروری ہے کہ حکومتِ سندھ نے کے ڈبلیو ایس بی کے موجودہ بلوں کی ادائیگی کا وعدہ کر رکھا ہے اور معزز کورٹس بھی اس حوالے سے آرڈر جاری کر چکے ہیں۔

مزید برآں، حکومتی اداروں اور محکموں کی جانب سے کے-الیکٹرک کے واجبات میں مسلسل اضافے کے باوجود کمپنی نے فیول کے سپلائرز اور آئی پی پیز بشمول ایس ایس جی سی اور پی ایس او کے موجودہ بلوں کی ادائیگی یقینی بنائی ہے، تاکہ کاروباری آپریشن جاری رہے۔ادھر یہ بات بھی قابلِ ذکر ہے کہ اگر یہ ادائیگیاں نہ ہوتیں تو اس سے کے-الیکٹرک کے سروس کے علاقوں میں طلب ورسد کی صورتحال پر منفی اثرات مرتب ہوتے، جو آخر کار لوڈشیڈنگ کا نتیجہ اختیار کر لیتی۔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۔

حکومتِ پاکستان کی جانب سے ٹیرف ڈفرنشل کلیمز (TDC) واجبات میں مستقل اضافہ اور اس کے نتیجے میں کمپنی کے کیش فلو کی پوزیشن پر مرتب ہونے والے اثرات کو مدِنظر رکھتے ہوئے، سال بھر میں، بقایا TDC واجبات میں سے،25 ارب روپے کی رقم 26 مارچ 2020 کو ہونے والی ای سی سی میٹنگ میں منظوری کے بعد کے-الیکٹرک کو جاری کی گئی، جس کے باعث کمپنی کو کاروباری تسلسل کو یقینی بنانے اور اپنے آپریشنز کو جاری رکھنے میں مدد ملی۔سال ختم ہونے کے بعد، حکومتِ پاکستان کی جانب سے کورونا وباء سے متعلق صارفین کو اسمال اینڈ میڈیم انٹرپرائزز (SME) کے حوالے سے دیے جانے والے ریلیف کے تحت مزید 6 ارب روپے جاری کیے گئے۔حکومت پاکستان سے قابل وصول رقم کی مد میں 31 ارب روپے کی وصولی نے ورکنگ کیپٹل کے انتظام میں معاونت کی اور یکم ستمبر 2020 سے، نافذ العمل کنزیومر اینڈ ٹیرف میں ترمیم سے کے-الیکٹرک کنزیومر اینڈ ٹیرف کو پاکستان بھر کی دیگر تمام ڈسکوز (DISCOs) کے مساوی لایا گیا جس سے کمپنی کے ورکنگ کیپٹل پوزیشن کو مینج کرنے میں مزید مدد ملے گی۔

تاہم، جیسا کہ اوپر درج ہے، اب بھی پرنسپل بیسس پر مختلف حکومتی اداروں کی طرف کے-الیکٹرک کو واجب الادا 80 ارب روپے کے خالص بقایا جات ہیں، جن کے باعث کمپنی کی کیش فلو پوزیشن پر نتیجہ خیز اثرات مرتب ہو رہے ہیں اور جس کے لئے کمپنی اسٹیک ہولڈرز کے ساتھ مستقل رابطے میں ہے اور کمپنی ایک منصفانہ حل چاہتی ہے۔اگر سود/مارک اپ کے-الیکٹرک کو واجب الادا رقم پر چارج کیا جائے گا وہ اس بات کا نتیجہ ہے کہ حکومت پاکستان کی جانب سے کے-الیکٹرک کو بقایا جات کی ادائیگی میں تاخیر کی گئی، باہمی تعاون کی بنیاد اور شفافیت وایکوٹی کے اصول کے تحت، کے-الیکٹرک کو بھی اس کی قابل وصول رقوم پر سود کی ادائیگی ہونی چاہیے۔

لیکویڈیٹی اور کیپٹل اسٹرکچر

وقت کے ساتھ، حکومتِ پاکستان کی جانب سے جمع ہونے والی ٹیرف ڈفرنشل کلیمز (TDC) کی قابل وصول رقم کے ساتھ ساتھ دوسرے اداروں کی جانب بڑھتی ہوئی قابل وصول رقم نے کمپنی کے ورکنگ کیپیٹل کی ضروریات میں خاطر خواہ اضافہ کیا جس کا انتظام بینکوں اور دیگر قابلِ قدر سرمایہ کاروں کے جاری تعاون سے کیا جا رہا ہے۔اس کے علاوہ، کورونا کی عالمی وباء کے دوران، کے-الیکٹرک نے اپنے صارفین کو ریلیف فراہم کرنے کے لئے اقدامات کیے جس نے اس کی مالی حالت اور کیش فلو پوزیشن پر اثرات مرتب کیے۔

فنانسنگ اپ ڈیٹ

پاکستان کے نجی سیکٹر میں جاری کیا جانے والا اب تک کا سب سے بڑا لسٹڈ صکوک

اگست 2020 میں کمپنی نے 25 ارب روپے کا سیکیورڈ، ریٹڈ اور لسٹڈ صکوک کامیابی سے جاری کیا جو کہ پاکستان کے نجی سیکٹر میں اب تک کا سب سے بڑا لسٹڈ صکوک ہے۔صکوک کی مدت 7 سال کی ہے، جس میں 2 سال کی رعایتی مدت شامل ہے اور VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے +AA (ڈبل A پلس) کا درجہ دیا ہے۔جنوری 2020 میں پرائیویٹ پلیسمنٹ کے ذریعے 23.7 ارب روپے کی کامیاب قبل از IPO سبسکرپشن کی گئی، جبکہ 1.3 ارب روپے کے باقی ماندہ حصے کی سبسکرپشن عوامی پیشکش کے ذریعے کی گئی۔

کے-الیکٹرک نے نیپرا میں درج کیے جانے والے ایم وائے ٹی مڈٹرم ریویو کے اندر، بشمول دیگر، تقسیم کردہ یونٹس اور ٹی اینڈ ڈی کے نقصانات کے لئے ہدف میں نظرِ ثانی کی درخواست کی تھی، چونکہ کمپنی کے اختیار سے بالاتر عناصر کمپنی کی کارگردگی پر اثر انداز ہوئے تھے۔اس کے علاوہ کے-الیکٹرک نے نیپرا کے سامنے ایم وائے ٹی مڈٹرم ریویو کے اندر ورکنگ کیپیٹل اور دیگر عناصر بشمول روپے کی قدر میں خاطر خواہ کمی کا مسئلہ بھی اٹھایا ہے اور پر امید ہے کہ ٹیرف میں ضروری ایڈجسٹمنٹ کی جائیں گی، جس کے باعث سرمایہ کاری جاری رہے گی، اور نتیجتاً صارفین کو محفوظ، قابلِ اعتبار اور بلاتعطل بجلی کی فراہمی کی صورت میں فائدہ پہنچے گا، ساتھ ہی ساتھ کمپنی کی مالیاتی صورتحال پر بھی مثبت اثرات مرتب ہوں گے۔ کے-الیکٹرک منصوبہ شدہ سرمایہ کاری کے لئے پرعزم ہے، تاہم یہاں یہ بات واضح کرنا چاہتے ہیں کہ مجوزہ سرمایہ کاری پر عملدرآمد نیپرا کی منظوری سے مشروط ہے، کیونکہ کے-الیکٹرک ''کوسٹ پلس'' ٹیرف نظام کے تحت کام کرتا ہے۔

مندرجہ بالا چیلنجز کے باوجود، کے-الیکٹرک اپنی طے شدہ سرمایہ کاری کے لئے پرعزم ہے، جس کے باعث بڑھتی ہوئی بجلی کی طلب کے پیش نظر ممکنہ انتظامات کو یقینی بنانے کے ساتھ، اپنے صارفین کے لئے قابل بھروسہ اور مستحکم بجلی کی فراہمی یقینی بنا سکے گا اور توقع کرتا ہے کہ ریگولیٹر کی جانب سے کے-الیکٹرک کے سرمایہ کاری منصوبے کو جلد منظور کیا جائے گا۔

آپریشنل کارگردگی اور ویلیو چین میں جاری سرمایہ کاریاں

متعدد چیلنجز کے باوجود، صارفین کو بجلی کی محفوظ اور قابلِ بھروسہ فراہمی کے مقصد سے ہم آہنگ ہوتے ہوئے، کمپنی نے نجکاری کے بعد سے لے کر اب تک 3.3 ارب امریکی ڈالرز سے زائد کی سرمایہ کاری کی، جس کے نتیجہ میں کے-الیکٹرک کے خدمات کے دائرہ کار میں آنے والے 75 فیصد علاقوں، بشمول 100% صنعتوں میں لوڈشیڈنگ ختم کردی گئی، ٹی اینڈ ڈی نقصانات میں 14.5% پوائنٹس کی کمی اور تمام کلیدی عوامل میں بہتری کے ساتھ جنریشن فلیٹ میں 25% بہتری آئی۔

قابلِ ذکر بات یہ ہے کہ متعدد چیلنجز بشمول ٹیرف ایڈجسٹمنٹ میں تاخیر، مجوزہ پراجیکٹس کی منظوری میں بے یقینی اور تاخیر، حکومت سے واجب الوصول رقوم میں مستقل اضافے، اور اس سال وقوع پذیر ہونے والی غیر متوقع کورونا وباء کے باوجود کے-الیکٹرک اپنی مسلسل سرمایہ کاری کے عزم میں ثابت قدم رہا، اور گزشتہ چار برس کے قلیل عرصہ میں 1.3 ارب ڈالر سے زائد کی سرمایہ کاری کی، جو اپنے صارفین کے لئے کمپنی کے عزم کا ثبوت ہے۔

مالی سال 2022 تک کراچی کو پاور سرپلس پوزیشن میں لانے کے ساتھ نیٹ ورک کے استحکام اور خدمات کو بہتر بنانے کے مقصد کے ساتھ، بجلی کی بڑھتی ہوئی مانگ کو پورا کرنے کے لئے کے-الیکٹرک اپنے جنریشن فلیٹ اور بیرونی ذرائع میں اضافہ کر کے کارکردگی میں بہتری اور بجلی فراہمی کی گنجائش میں اضافے کے لئے تیزی سے کام کر رہا ہے۔ سیلف جنریشن فرنٹ پر 900 میگاواٹ کے آرایل این جی پلانٹ پر تعمیراتی کام تیزی سے جاری ہے اور حکومتِ پاکستان نے اپنی پہلے سے معاہدہ شدہ مقدار میں سے 150 ایم ایم سی ایف ڈی، آرایل این جی کی تخصیص اور مستقل فراہمی کی بھی منظوری دے دی ہے۔ اس حوالے سے، سال ختم ہونے کے بعد، کمپنی نے اکتوبر 2020 میں پاکستان ایل این جی لمیٹڈ کے ساتھ ہیڈز آف ٹرمز اگریمنٹ معاہدہ کیا۔ پراجیکٹ میں جدید ترین، انتہائی کارآمد، کمبائنڈ سائیکل گیس ٹربائن (CCGT) کنفیگریشن پر چلنے والے، 450 میگاواٹ کے دو یونٹس پر مشتمل جنریشن پلانٹ کے ساتھ ساتھ ٹرانسمیشن انفراسٹرکچر کی اپ گریڈیشن بھی شامل ہے۔ 900 میگاواٹ آرایل این جی پراجیکٹ پر تیز رفتاری سے کام جاری ہے اور امید ہے کہ اس کا پہلا یونٹ 2021 کے موسم گرما تک فعال کردیا جائے گا جبکہ منصوبے کی تکمیل 2021 کے آخر تک متوقع ہے۔

مزید یہ کہ پیداواری صلاحیت اور نظام میں قابل تجدید ذرائع بڑھانے کے لئے، 50 میگاواٹ گھارو سولر آئی پی پی نے دسمبر 2019 میں کمرشل آپریشنل ڈیٹ (COD) حاصل کی جو قابلِ تجدید ذرائع کی کل گنجائش کو 250 میگاواٹ تک لے گیا، جس میں نیشنل گرڈ سے حاصل کردہ 150 میگاواٹ بھی شامل ہیں۔

مزید برآں، ٹرانسمیشن کی صلاحیت کو بڑھانے اور اپنے ٹرانسمیشن نیٹ ورک کی مجموعی انحصاریت کو بہتر بنانے کا مقصد لیے، کے-الیکٹرک نے اپنے 450 ملین امریکی ڈالرز سے زائد کی لاگت کے TP-1000 پراجیکٹ میں نمایاں پیش رفت کی، جس کے نتیجے میں صلاحیت میں اضافہ ہوا اور استحکام میں بہتری آئی۔ پراجیکٹ کا تقریباً 94% سے زائد کام مکمل ہو چکا ہے، اور پراجیکٹ ممکنہ طور پر مالی سال 2021 میں پایہ تکمیل تک پہنچ جائے گا۔ اب تک، TP-1000 پراجیکٹ میں، 26 پاور ٹرانسفارمرز کی انرجائزیشن کے ساتھ ساتھ 6 گرِڈ اسٹیشنز کا بھی اضافہ کیا گیا ہے، جس کے باعث بجلی کی ٹرانسفارمیشن کی صلاحیت میں 900 ایم وی اے سے زائد کا اضافہ ہوا ہے۔

مزید یہ کہ نیشنل گرڈ سے اضافی بجلی کی فراہمی کے لئے اصولی منظوری کو مدِنظر رکھتے ہوئے، اضافی بجلی کے حصول کے لئے نئے گرڈ اسٹیشنز لگانے کا ابتدائی کام بھی شروع ہو چکا ہے۔ کے-الیکٹرک نے 2023 تک نیشنل گرِڈ سے 1400 میگاواٹ تک کی اضافی بجلی کے بروقت حصول کو یقینی بنانے کے لئے نیپرا سے مطلوبہ سرمایہ کاری کی جلد از جلد منظوری کی درخواست کی ہے۔

نقصانات کی کمی کے لئے کیے جانے والے اقدامات کے طور پر، کے-الیکٹرک اب تک 9000 سے زائد پول ماؤنٹڈ ٹرانسفارمرز (PMTs) کو ایریل بنڈلڈ کیبل (اے بی سی) پر منتقل کر چکا ہے۔ اس وجہ سے کمپنی اپنے ٹی اینڈ ڈی نقصانات کو واضح طور پر کم کرنے اور صارفین کو لوڈشیڈنگ کی کمی کی صورت میں فائدہ پہنچانے میں کامیاب ہوئی۔ اس کے علاوہ کمپنی نے ٹیکنالوجی میں بھی سرمایہ کاری جاری رکھی، بشمول پی ایم ٹی لیول پر آٹومیٹڈ میٹر ریڈر (AMR) کی تنصیب اور میٹر ڈیٹا مینیجمنٹ سسٹم (MDMS) پر عمل درآمد، جس کے باعث نیٹ ورک کی کارگردگی کی بہتر نگرانی کی جا سکے گی، جس سے کے-الیکٹرک کو ٹارگٹڈ سرمایہ کاری کرنے میں مدد ملے گی۔

ڈائریکٹرز رپورٹ

ہم بورڈ آف ڈائریکٹرز کی جانب سے سال مختتمہ 30 جون 2020 کے حوالے سے آڈٹ شدہ مالی گوشواروں کے ساتھ کمپنی کی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مالی کارکردگی

ریونیو

2020
Rs.288,807 Mn

2019
Rs. 289,119 Mn

(-0.1%)

EBITDA

2020
Rs.36,684 Mn

2019
Rs.31,236 Mn

(+17.4%)

خالص (نقصان)/منافع

2020
Rs. (2,959) Mn

2019
Rs.17,274 Mn

(-117.1%)

(نقصان)/آمدن فی حصص

2020
Rs.(0.11)

2019
Rs.0.63

(-117.1%)

کُل اثاثہ جات

2020
Rs.703,414 Mn

2019
Rs. 598,865 Mn

(+17.5%)

کُل ایکویٹی

2020
Rs.210,658 Mn

2019
Rs.214,489 Mn

(-1.8%)

PPE[1] پر ریٹرن

2020
-0.82%

2019
5.29%

(-6.11pp)

ایکویٹی پر ریٹرن

2020
-1.40%

2019
8.05%

(-9.45pp)

[1] پی پی ای: پراپرٹی، پلانٹ اینڈ ایکوپمنٹ

مالی سال 2020 کے دوران، غیر متوقع کورونا وباء کے باعث حائل ہونے والی رکاوٹوں کے باوجود، کمپنی نے ویلیو چین میں سرمایہ کاری جاری رکھی۔ سال بھر کے دوران تمام کلیدی عوامل میں 55,612 ملین روپے کی سرمایہ کاری ہوئی، جس کے باعث جنریشن فلیٹ کی کارکردگی اور نیٹ ورک کے استحکام میں بہتری آئی۔ کورونا کی وباء کے سبب لاک ڈاؤن سے قبل، کمپنی نے مضبوط آپریشنل کارکردگی کا مظاہرہ کیا، اور گزشتہ برس کے مقابلے 20 مارچ 2020 تک، تقسیم کردہ یونٹس میں 3.1% کے اضافہ کے ساتھ ٹی اینڈ ڈی کے نقصانات میں 2% پوائنٹس کی بہتری ریکارڈ کی گئی۔

البتہ کورونا کی وباء کے سبب لاک ڈاؤن کے باعث صنعتی اور کمرشل صارفین کی جانب سے بجلی کے استعمال میں نمایاں کمی، زیادہ نقصان والے علاقوں میں لوڈ شیڈنگ نہ کرنے اور بجلی چوری کے خلاف کارروائیاں نہ ہونے کے سبب کمپنی کے سیلز مکس پر منفی اثرات مرتب ہوئے۔ مجموعی طور پر ٹی اینڈ ڈی نقصانات (FY 2019:19.1%) کے مقابلے میں 19.7% ہو گئے، اس کے علاوہ آخری سہ ماہی میں تقسیم کردہ یونٹس میں واضح کمی ریکارڈ کی گئی، نتیجتاً تقسیم کردہ یونٹس میں پورے سال کے لئے محض 0.5% کا اضافہ ریکارڈ کیا گیا (FY 2020:17,787 GWh; FY 2019:17,697 GWh)۔ یوں رواں برس کمپنی کی مالی صورتحال پر اس کے نتیجہ خیز اثرات مرتب ہوئے۔

مزید، سرکاری اداروں سے قابل وصول رقوم میں مسلسل اضافے اور ٹیرف ایڈجسٹمنٹ میں تاخیر کا براہ راست اثر کمپنی کے ورکنگ کیپٹل کی ضروریات پر پڑا جس کے نتیجے میں فنانشل چارجز میں 166 فیصد (FY 2020: Rs. 16,737 Million; FY 2019:Rs 6,285 Million) کا اضافہ ہوا اور نتیجتاً مالی سال 2019 میں ہونے والے 17,724 ملین روپے کے خالص منافع کے برعکس مالی سال 2020 میں کمپنی کو 2,959 ملین روپے کا خالص نقصان ہوا۔

جیسا کہ مالی گوشواروں کے نوٹ 3 میں بیان کیا گیا ہے، کمپنی نے نیپرا سے ٹیرف میں ضروری ردو بدل کی درخواست کی تھی اور اس کے علاوہ، وزارت توانائی (ایم او ای) سے بھی درخواست کی تھی کہ سال کے اختتام کے بعد، 9 اپریل 2020 کو کابینہ کی اقتصادی رابطہ کمیٹی (ای سی سی) کے ذریعے منظور شدہ معاشی محرک پیکج میں سے کورونا وباء میں کمپنی کو ہونے والے نقصانات کی تلافی کی جائے، کیونکہ کمپنی کو یہ نقصانات اس کے اختیار سے باہر عوامل کے باعث ہوئے۔ تاہم، جیسا کہ اس درخواست کی منظوری نیپرا/وزارتِ توانائی کی جانب سے زیر التواء ہے، لہٰذا حکومت اور/یا متعلقہ ریگولیٹر کے ذریعے فراہم کی جانے والی کسی بھی ممکنہ ریلیف کے لئے مالی گوشوارے میں کچھ مختص نہیں کیا گیا۔

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ہم آپ ھیں

پراکسی فارم

110واں سالانہ اجلاس 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 تا کہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاس عام میں جو **بروز جمعرات، 26 نومبر 2020 صبح 10:30** بجے 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 چاہیے۔ نامزدگی فارم کی اسکین شدہ کاپی ہمیں اس ای میل پر بھیج سکتے ہیں:
irfan.uddin@ke.com.pk - یا amjad.mustafa@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 کئے یا ایک سے زیادہ پراکسی فارمز کمپنی میں جمع کرائے ایسے تمام **پراکسی فارمز کو منسوخ سمجھا جائے گا۔**

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Corporate Affairs Department
1st Floor, Block A
Elander Road Power House
Karachi, Pakistan.

Form of Proxy

110th 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 26 November 2020 at 10:30 a.m.** or at any adjournment thereof.

As witnessed given under my / our hand(s) this_____day of_____2020.

Shares Held ______________________________

Shareholder's Folio/Account # ______________________________

CNIC # | | | | | |■| | | | | | | |■| |

Signature ______________________________

(Affix revenue stamp of appropriate value).

Proxy Holder's Folio/Account # ______________________________

Proxy Holder's CNIC # | | | | | |■| | | | | | | |■| |

Signature ______________________________

1. Witness: ____________________
   Signature: ____________________
   Name: ____________________
   CNIC: ____________________
   Address: ____________________

2. Witness: ____________________
   Signature: ____________________
   Name: ____________________
   CNIC: ____________________
   Address: ____________________

Note:

1. 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**
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 valid 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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