



REPORT FOR THE
NINE MONTHS ENDED
31 MARCH 2018

Company Information

Board of Directors (BOD)

Ikram Ul-Majeed Sehgal	Chairman
Syed Moonis Abdullah Alvi	CEO
Khalid Rafi	Independent Director
Adeeb Ahmad	
Ch. Khaqan Saadullah Khan	
Dr. Ahmed Mujtaba Memon	
Jamil Akbar	
Mubasher H. Sheikh	
Muhammad Abid Lakhani	
Riyadh S. A. A. Edrees	
Ruhail Muhammad	
Shan A. Ashary	
Waseem Mukhtar	

Board Audit Committee (BAC)

Khalid Rafi	Chairman
Ch. Khaqan Saadullah Khan	Member
Mubasher H. Sheikh	Member

Board Human Resource & Remuneration Committee (BHR&RC)

Khalid Rafi	Chairman
Shan A. Ashary	Member
Syed Moonis Abdullah Alvi	Member

Board Finance Committee (BFC)

Shan A. Ashary	Chairman
Ch. Khaqan Saadullah Khan	Member
Khalid Rafi	Member

Board Strategy & Projects Committee (BS&PC)

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

Board Risk Management & Safety Committee (BRM&SC)

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

Chief Financial Officer

Muhammad Aamir Ghaziani

Chief People Officer & Company Secretary

Muhammad Rizwan Dalia

Chief Internal Auditor

Asif Raza

Legal Adviser

Abid S. Zuberi & Co.

External Auditors

M/s. A.F. Ferguson & Co.

M/s. BDO Ebrahim & Co.

Share Registrar

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

Bankers

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

Registered Office

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

Follow Us

www.ke.com.pk

UAN: 111-537-211



K-Electric KElectricPk @KElectricPk KElectricPk KElectricPk www.ke.com.pk KE Live

Directors' Review

I am pleased to present the Condensed Interim Financial Information (un-audited) of K-Electric Limited (KE) for the nine months period ended March 31, 2018 on behalf of the Board of Directors.

Key operational and financial results are summarised below:

	JUL-MAR 2018	JUL-MAR 2017
	(UNITS - GWh)	
OPERATIONAL		
Units generated (net of auxiliary)	6,576	6,409
Units purchased	5,612	5,265
Total units available for distribution (sent out)	12,188	11,674
Units billed	9,921	9,217
Transmission & Distribution Losses %	18.6%	21.0%
	(PKR - MILLIONS)	
FINANCIAL		
REVENUE		
	148,136	131,598
Profit before taxation	14,709	6,014
Taxation – net	(1,108)	603
Net Profit for the period	13,601	6,617
Earnings per share-BASIC/DILUTED	0.49	0.24
	(Rupees)	
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	28,094	18,805

Financial Review

Company earned a net profit of Rs. 13,601 million which translated into earning per share of Rs. 0.49. The increase of 106% in net profit from comparable period is due to reduction in T&D losses by 2.4% and increase in units sent out by 4.4% compared to corresponding period.

Revenue figure includes Rs. 3,187 million in Tariff adjustment against write-off of actual bad debts, as allowed by NEPRA under the MYT decision, as more fully explained in note 11.2 of this condensed interim financial information.

Significant amount continued to be receivable from Government entities including dues from Karachi Water and Sewerage Board (KW&SB) and City District Government Karachi (CDGK). The management has been taking up the matter at highest levels within the Federal and Provincial Governments to ensure recovery which is significantly hampering the ability of the Company to enhance the pace of investment in the Company's infrastructure.

Delay in Issuance of Financial Statements

Fundamental reason behind the delay in finalisation of audited financial statements for the year ended June 30, 2018 and its related periods was delay in finalisation of financial statements for FY 2017 due to the reasons explained in the Annual Report for FY 2017 which was released a few months ago.

Update on Significant Matters

As this nine monthly report is being issued with Annual Report 2018, for reasons explained in previous paragraph; significant matters along with the performance highlights have been covered in Annual Report 2018 of the Company and therefore, does not require to be reproduced here.

Board of Directors (BOD)

During review and subsequent period, following casual vacancies occurred on the Board and all were filled-up by the Directors within the specified time period.

- GOP nominee, Mr. Zafar Abbas was replaced by Dr. Aamer Ahmed, Additional Secretary, Ministry of Energy (Power Division), GOP, on August 9, 2017.
- GOP nominee, Mr. Muhammad Anwer Shaikh was replaced by Dr. Ahmed Mujtaba Memon, Additional Finance Secretary, Finance Division, GOP, on June 7, 2018.
- Mr. Waqar H. Siddique resigned from the position of Director/Chairman and Mr. Muhammad Tayyab Tareen, CEO was elected as Chairman effective from June 7, 2018.
- Syed Moonis Abdullah Alvi was appointed as Director/Chief Executive Officer effective from June 7, 2018.

Whereas other changes on the Board subsequent to year end have been duly reported in the Annual Report 2018 of the Company.

Acknowledgements

The Board wishes to extend its gratitude to the shareholders and customers of the Company for their cooperation and support and extends its appreciation to the employees of the Company.



Syed Moonis Abdullah Alvi
Chief Executive Officer

Karachi, September 18, 2019

سرکاری اداروں سے خطیر رقم واجب الادا رہی، بشمول واجبات کراچی واٹرا اینڈ سیوریج بورڈ (کے ڈبلیو ایس بی) آل سٹی ڈسٹرکٹ گورنمنٹ کراچی (سی ڈی جی کے) انتظامیہ نے بجالی کے لئے اعلیٰ سطح پر وفاقی اور صوبائی حکومتوں میں اس مسئلے کو اٹھایا جو کمپنی کے انفراسٹرکچر میں سرمایہ کاری کو بڑھانے کی استطاعت میں نمایاں تاخیر کا باعث ہے۔

مالیاتی بیانات کے اجراء میں تاخیر

مالی سال 2018 کے مالی گوشواروں کے حتمی اعداد کی تیاری میں تاخیر کی وجہ مالی سال 2017 کے آڈٹ شدہ مالی گوشواروں کی عدم تکمیل تھی۔

اہم معاملات پر تازہ ترین صورتحال

یہ 9 ماہی رپورٹ 2018 کی سالانہ رپورٹ کے ساتھ جاری کی گئی ہے اور اس تاخیر کا سبب اوپر پیرا گراف میں واضح کیا گیا ہے۔ اہم معاملات اور کارکردگی کی سرخیاں سالانہ رپورٹ 2018 میں وضاحت کے ساتھ بیان کی گئی ہیں، اس لیے انہیں دوبارہ پیش کرنے کی ضرورت نہیں ہے۔

بورڈ آف ڈائریکٹرز (BOD)

جائزہ لینے اور اس کے بعد کی مدت کے دوران، بورڈ میں مندرجہ ذیل عارضی آسامیاں واقع ہوئیں جنہیں مقرر مدت میں ڈائریکٹرز کی جانب سے پورا کیا گیا۔

- GOP کے نامزد امیدوار جناب ظفر عباس کی جگہ ڈاکٹر عامر احمد، ایڈیشنل سیکریٹری، وزارت توانائی (پاور ڈویژن) GOP کو 9 اگست 2017 کو تقرر کیا گیا۔
- GOP کے نامزد امیدوار، جناب محمد انور شیخ کی جگہ ڈاکٹر احمد مجتبیٰ میمن، ایڈیشنل فنانس سیکریٹری، فنانس ڈویژن، GOP کو 7 جون 2018 کو تفری دی گئی۔
- جناب وقار ایچ۔ صدیقی کے ڈائریکٹر/چیئر مین کے عہدے سے استعفیٰ دینے کے بعد جناب محمد طیب ترین، سی ای او، 7 جون 2018 سے چیئر مین منتخب ہوئے۔
- سید مونس عبداللہ علوی 7 جون 2018 سے بطور ڈائریکٹر/چیف ایگزیکٹو آفیسر تقرر کئے گئے۔

جبکہ سال کے اختتام کے بعد بورڈ میں دیگر تبدیلیوں سے متعلق کمپنی کی 2018 کی سالانہ رپورٹ میں باضابطہ بیان کیا گیا ہے۔

اظہارِ تشکر

بورڈ تمام شیئر ہولڈرز اور کمپنی کے کسٹمرز کو ان کے تعاون اور حمایت پر شکر ادا کرتا ہے اور کمپنی کے ملازمین کو خراج تحسین پیش کرتا ہے۔

سید مونس عبداللہ علوی

چیف ایگزیکٹو آفیسر

کراچی: 18 ستمبر 2019

کے۔ الیکٹرک لمیٹڈ

ڈائریکٹرز کی جانب سے جائزہ

میں نہایت مسرت کے ساتھ بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2018 کو ختم ہونے والے نو ماہ کے لیے کے۔ الیکٹرک لمیٹڈ کی مجموعی عبوری مالیاتی معلومات (غیر آڈٹ شدہ) پیش کر رہا ہوں۔

اہم آپریشنل اور مالی نتائج کا خلاصہ مندرجہ ذیل ہیں؛

جولائی تا مارچ 2017	جولائی تا مارچ 2018	
(یوٹس۔GWh)		آپریشنل
6,409	6,576	پیدا کیے گئے یوٹس کی تعداد (ضمنی یوٹس کے علاوہ)
5,265	5,612	خریدے گئے یوٹس کی تعداد
11,674	12,188	ڈسٹری بیوشن کے لیے دستیاب ٹوٹل یوٹس (بھیجے گئے)
9,217	9,921	بل کیے گئے یوٹس
21.0%	18.6%	ٹرانسمیشن اور ڈسٹری بیوشن کے نقصانات %
(پاکستانی روپوں میں۔ ملین)		فنانسئل
131,598	148,136	ریونیو
6,014	14,709	منافع قبل از ٹیکس
603	(1,108)	ٹیکس محصولات۔ خالص
6,617	13,601	اس مدت کے دوران خالص منافع
0.24	0.49	آمدنی فی حصص۔ بیک اڈا ہیلوٹڈ (روپے)
18,805	28,094	سود، ٹیکس، فرسودگی اور بے باقی سے پہلے کی ادائیگی (EBITDA)

مالیاتی جائزہ

کمپنی کی خالص آمدنی 13,601 ملین روپے رہی، جس کے نتیجے میں آمدنی فی حصص 0.49 روپے رہی۔ گزشتہ سال اسی مدت کے دوران حاصل ہونے والی خالص آمدنی کے مقابلے میں اس سال کے دوران ہونے والے %106 اضافے کا سبب ٹرانسمیشن اور ڈسٹری بیوشن کے نقصانات میں %2.4 فیصد کمی اور بھیجے گئے یوٹس میں %4.4 فیصد اضافہ ہے۔

جیسا کہ MYT کے فیصلوں کے تحت NEPR نے اجازت دی ہے، جس کی مزید تفصیلات مجموعی عبوری مالیاتی معلومات کے نوٹ نمبر 11.2 میں درج ہیں، اس کے مطابق ریونیو کے اعداد و شمار کے اندر ٹریف ایڈجسٹمنٹ کی مد میں 3,187 ملین روپے ہیڈ ہینٹس کے حقیقی رائٹ آف کی مد میں شامل ہیں۔

CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2018

		(Un-Audited) March 31, 2018	(Audited) June 30, 2017
		(Rupees in '000)	
ASSETS	Note		
Non-current assets			
Property, plant and equipment	4	257,075,650	237,730,775
Intangible assets		328,644	215,406
Long-term loans		22,548	21,777
Long-term deposits		16,196	13,497
		257,443,038	237,981,455
Current assets			
Stores, spares and loose tools		11,619,689	9,439,133
Trade debts	5	104,973,838	103,419,754
Loans and advances		649,096	774,217
Deposits and short-term prepayments		2,193,203	3,158,284
Other receivables	6	44,559,720	33,131,412
Taxation - net	7	2,044,463	2,962,142
Derivative financial assets		439,513	-
Cash and bank balances		633,164	2,077,916
		167,112,686	154,962,858
Assets classified as held for sale		3,047,856	2,999,116
TOTAL CURRENT ASSETS		170,160,542	157,961,974
TOTAL ASSETS		427,603,580	395,943,429
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		125,000,000	125,000,000
Issued, subscribed and paid-up capital		96,261,551	96,261,551
Reserves			
Capital reserves		2,009,172	2,009,172
Revenue reserves		5,372,356	5,372,356
		7,381,528	7,381,528
Unappropriated profit		49,952,098	33,068,043
		153,595,177	136,711,122
Surplus on revaluation of property, plant and equipment		44,321,798	47,605,194
LIABILITIES			
Non-current liabilities			
Long-term diminishing musharaka		14,085,249	17,305,568
Long-term financing		10,067,230	2,841,364
Long-term deposits		9,413,155	8,600,108
Employee retirement benefits		4,285,232	4,881,949
Deferred revenue		20,859,800	20,193,359
		58,710,666	53,822,348
Current liabilities			
Current maturity of long-term diminishing musharaka		4,400,000	4,400,000
Current maturity of long-term financing		1,683,753	4,433,753
Trade and other payables	8	130,379,789	120,212,801
Accrued mark-up		6,139,732	5,809,192
Short-term borrowings - secured	9	18,978,644	17,278,006
Short-term deposits		9,347,571	5,624,563
Provision		46,450	46,450
		170,975,939	157,804,765
TOTAL LIABILITIES		229,686,605	211,627,113
Total Equity and Liabilities		427,603,580	395,943,429
Contingencies and Commitments	10		

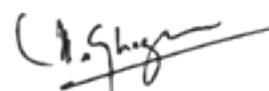
The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2018

	Note	Nine Months Ended		Quarter Ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		(Rupees in '000)		(Rupees in '000)	
Revenue					
Sale of energy – net		127,988,432	119,193,753	40,142,015	32,279,757
Tariff adjustment	11	20,147,962	12,404,100	10,280,178	6,965,212
		<u>148,136,394</u>	<u>131,597,853</u>	<u>50,422,193</u>	<u>39,244,969</u>
Cost of Sales					
Purchase of electricity	12	(52,233,560)	(45,254,983)	(20,004,623)	(16,536,863)
Consumption of fuel and oil	13	(43,254,596)	(42,957,307)	(12,075,820)	(9,550,152)
Expenses incurred in generation, transmission and distribution		(16,512,498)	(15,332,479)	(5,648,852)	(5,387,108)
		<u>(112,000,654)</u>	<u>(103,544,769)</u>	<u>(37,729,295)</u>	<u>(31,474,123)</u>
Gross Profit		<u>36,135,740</u>	<u>28,053,084</u>	<u>12,692,898</u>	<u>7,770,846</u>
Consumers services and administrative expenses		(24,271,339)	(24,842,430)	(7,925,432)	(7,610,531)
Other operating expenses		(1,705,474)	(799,851)	(695,171)	(181,240)
Other income		6,582,493	6,407,653	1,684,179	2,501,053
		<u>(19,394,320)</u>	<u>(19,234,628)</u>	<u>(6,936,424)</u>	<u>(5,290,718)</u>
Profit Before Finance Cost		<u>16,741,420</u>	<u>8,818,456</u>	<u>5,756,474</u>	<u>2,480,128</u>
Finance cost		(2,032,905)	(2,804,726)	(674,304)	(873,962)
Profit Before Taxation		<u>14,708,515</u>	<u>6,013,730</u>	<u>5,082,170</u>	<u>1,606,166</u>
Taxation		(1,107,856)	602,999	(369,286)	-
Net Profit for the period		<u>13,600,659</u>	<u>6,616,729</u>	<u>4,712,884</u>	<u>1,606,166</u>
Earning Before Interest, Tax, Depreciation and Amortization (EBITDA)		<u>28,093,522</u>	<u>18,804,987</u>	<u>9,568,687</u>	<u>5,877,735</u>
		(Rupees)			
Earning Per Share - Basic and Diluted		<u>0.49</u>	<u>0.24</u>	<u>0.17</u>	<u>0.06</u>

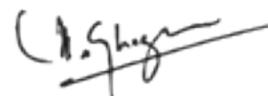
The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2018

	Nine Months Ended		Quarter Ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	(Rupees in '000)			
Net profit for the period	13,600,659	6,616,729	4,712,884	1,606,166
Other comprehensive income				
Items that may be reclassified to profit and loss account				
Changes in fair value of cash flow hedges	473,972	(49,977)	311,312	1,151
Adjustment for amounts transferred to profit and loss account	(473,972)	39,025	(311,312)	(1,151)
	-	(10,952)	-	-
Total comprehensive income for the period	<u>13,600,659</u>	<u>6,605,777</u>	<u>4,712,884</u>	<u>1,606,166</u>

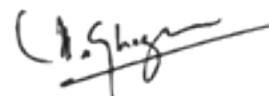
The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2018

	Issued, subscribed and paid-up capital			Reserves							Un-appropriated profit	Total
	Ordinary shares	Transaction cost	Total Share Capital	Capital Reserves			Revenue Reserves					
				Share premium	Others	Total	General reserves	Others	Total			
	(Rupees in '000)											
Balance as at July 1, 2016	96,653,179	(391,628)	96,261,551	1,500,000	509,172	2,009,172	5,372,356	(22,163)	5,350,193	17,700,303	121,321,219	
Total comprehensive income for the nine months ended March 31, 2017												
Net Profit for the period	-	-	-	-	-	-	-	-	-	6,616,729	6,616,729	
Other comprehensive income / (loss)	-	-	-	-	-	-	-	(10,952)	(10,952)	-	(10,952)	
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	-	-	3,130,662	3,130,662	
Balance as at March 31, 2017 (Un-Audited)	<u>96,653,179</u>	<u>(391,628)</u>	<u>96,261,551</u>	<u>1,500,000</u>	<u>509,172</u>	<u>2,009,172</u>	<u>5,372,356</u>	<u>(33,115)</u>	<u>5,339,241</u>	<u>27,447,694</u>	<u>131,057,658</u>	
Balance as at July 1, 2017	96,653,179	(391,628)	96,261,551	1,500,000	509,172	2,009,172	5,372,356	-	5,372,356	33,068,043	136,711,122	
Total comprehensive income for the nine months ended March 31, 2018												
Net profit for the period	-	-	-	-	-	-	-	-	-	13,600,659	13,600,659	
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	-	-	3,283,396	3,283,396	
Balance as at March 31, 2018 (Un-Audited)	<u>96,653,179</u>	<u>(391,628)</u>	<u>96,261,551</u>	<u>1,500,000</u>	<u>509,172</u>	<u>2,009,172</u>	<u>5,372,356</u>	<u>-</u>	<u>5,372,356</u>	<u>49,952,098</u>	<u>153,595,177</u>	

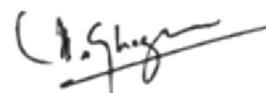
The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2018

	Nine Months Ended	
	March 31, 2018	March 31, 2017
	(Rupees in '000)	
Cash Flows From Operating Activities		
Profit before taxation	14,708,515	6,013,730
Adjustments for non-cash charges and other items:		
Depreciation and amortization	11,352,102	9,986,531
Provision for employee retirement benefits	559,261	521,370
Provision for slow moving and obsolete stores, spare parts and loose tools	35,674	(269,444)
Provision for debts considered doubtful	11,099,191	12,611,309
Gain on sale of property, plant and equipment	(371,848)	(1,342,048)
Finance cost	2,032,905	2,804,726
Derivative financial assets	(439,513)	-
Amortization of deferred revenue	(1,250,926)	(1,131,870)
Return on bank deposits	(96,365)	(203,717)
Operating profit before working capital changes	37,628,996	28,990,587
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(2,216,230)	(960,769)
Trade debts	(12,653,275)	(12,422,414)
Loans and advances	125,121	98,322
Trade deposits and short-term prepayments	965,081	110,162
Other receivables	(11,428,308)	239,479
	(25,207,611)	(12,935,220)
Increase / (decrease) in current liabilities		
Trade and other payables	10,166,987	6,979,240
Short-term deposits	3,723,008	657,494
	13,889,995	7,636,734
Cash generated from operations	26,311,380	23,692,101
Employee retirement benefits paid	(1,155,977)	(904,046)
Income tax paid	(190,177)	(1,414,845)
Receipts in deferred revenue	1,917,367	2,134,387
Finance cost paid	(1,702,365)	(2,454,026)
Interest received on bank deposits	96,365	203,717
Long-term loans	(771)	3,114
Long-term deposits	(2,699)	(5,199)
	(1,038,257)	(2,436,898)
Net cash generated from operating activities	25,273,123	21,255,203
Cash Flows From Investing Activities		
Capital expenditure incurred	(31,232,722)	(21,442,323)
Proceeds from disposal of property, plant and equipment	745,615	4,703,198
Redemption of short-term investment	-	3,000,000
Net cash used in investing activities	(30,487,107)	(13,739,125)
Cash Flows From Financing Activities		
Long-term financing - net	1,255,547	(2,612,577)
Short-term borrowings - net	(1,764,878)	(11,665,578)
Security deposit from consumers	813,047	774,086
Net cash used in financing activities	303,716	(13,504,069)
Net increase in cash and cash equivalent	(4,910,268)	(5,987,991)
Cash and cash equivalents at beginning of the year	(8,421,025)	(4,814,950)
Cash and cash equivalents at end of the period	(13,331,293)	(10,802,941)

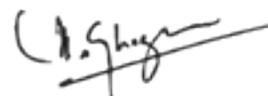
The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2018

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.

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 Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, to its licensed areas. KES Power Limited (the holding company) holds 66.40 percent (2017: 66.40 percent) shares in the Company as at March 31, 2018.

- 1.2 As notified on Pakistan Stock Exchange on October 28, 2016, Shanghai Electric Power (SEP) Company Limited has entered into a Sale and Purchase Agreement (SPA) with KES Power Limited (holding company) to acquire up to 66.4 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 Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) regulations 2017, SEP notified fresh PAIs on June 29, 2017, March 29, 2018 and December 25, 2018, incorporating amended / additional requirements pursuant to the Securities Act and the takeovers regulations.

- 1.3 The Company, being regulated entity, is governed through Multi Year Tariff (MYT) regime. Accordingly, 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 on March 20, 2017, determined the MYT for the period commencing from July 1, 2016 till June 30, 2023. Considering that some of the assumptions in the MYT 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.

During the period ended March 31, 2018, NEPRA issued its decision dated October 9, 2017 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 to consider afresh its earlier determination to ensure that consumer interest in terms of continuous and efficient service delivery is maintained. NEPRA, vide its decision dated July 5, 2018 (MYT decision) in the matter of 'Reconsideration request' filed by the GOP, determined the revised MYT. The Company after considering that the MYT decision does not consider actual equity invested into the Company, applies notional capital structure based on the assumption of 70:30 debt to equity ratio and is a drastic departure from the previous structure without providing the Company an appropriate transition period, approached the Appellate Tribunal for the relief under Section 12G of the Act, 1997 (as amended). The Appellate Tribunal is yet to be made functional by the GOP.

The Company also approached the High Court of Sindh (SHC) against the aforementioned MYT decision and filed a suit in which a stay order was granted on July 26, 2018. The Company, on April 3, 2019, withdrew its case filed with SHC against MYT decision, as the Company decided to pursue its legitimate concerns / issues with Appellate Tribunal and reserves its right to again approach the SHC. Further, 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 nine months period ended March 31, 2018, has been based on the revised MYT decision, which has been notified on May 22, 2019 by the Ministry of Energy.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. As per the requirements of circular No. CLD/CCD/PR(II)/2017 dated July 20, 2017 and circular No. 23 of 2017 dated October 4, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), the Company has prepared this condensed interim financial information in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance). Accordingly, approved accounting standards for interim financial reporting comprise of International Accounting Standard 34, 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of or directives issued under the Ordinance prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the Securities and Exchange Commission of Pakistan (SECP) vide its circular no 23/2017 dated October 4, 2017, this condensed interim financial information has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 This condensed interim financial information does not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2017.

2.3 This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand rupees unless otherwise stated.

2.4 Accounting Estimates, Judgement and Financial Risk Management

The preparation of this condensed interim financial information in conformity with the accounting and reporting standards, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates.

During the preparation of this condensed interim financial information, there have been no changes in the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty that were applied to the financial statements of the Company for the year ended June 30, 2017.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.

3. ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the annual financial statements for the year ended June 30, 2017.

- 3.2 The Company follows the practice to conduct actuarial valuation annually at the year end. Hence, the impact of remeasurement of post-employment benefit plans has not been incorporated in this condensed interim financial information.
- 3.3 Taxes on income, if any, in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.
- 3.4 There were certain amendments to the approved accounting standards which became effective for the first time for the period ended March 31, 2018 but these are neither considered relevant nor have any significant effect on the Company's financial statements and have, therefore, not been disclosed in this condensed interim financial information.

	Note	(Un-Audited) March 31, 2018	(Audited) June 30, 2017
(Rupees in '000)			
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets, at net book value	4.1	204,370,928	207,386,187
Capital work-in-progress		52,704,722	30,344,588
		<u>257,075,650</u>	<u>237,730,775</u>

- 4.1 Additions and disposals to operating assets during the period are as follows:

	Additions (Un-Audited) (at cost)		Disposals (Un-Audited) (at net book value)	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
(Rupees in '000)				
Leasehold land	120,164	-	-	-
Plant and machinery	1,721,755	9,610,990	17,697	3,068,170
Transmission and distribution network	5,523,689	8,836,988	350,758	290,826
Others	1,378,548	1,456,412	5,312	2,153
	<u>8,744,156</u>	<u>19,904,390</u>	<u>373,767</u>	<u>3,361,149</u>

- 4.2 The above disposals represent assets costing Rs.1,357.016 million (March 31, 2017: Rs. 5,804.002 million) which were disposed-off for Rs. 745.615 million (March 31, 2017: Rs. 3,672.109 million).

	Note	(Un-Audited) March 31, 2018	(Audited) June 30, 2017
(Rupees in '000)			
5. TRADE DEBTS			
Considered good			
Secured – against deposits from consumers		1,994,918	2,006,797
Unsecured	5.1	<u>102,978,920</u>	<u>101,412,957</u>
		<u>104,973,838</u>	<u>103,419,754</u>
Considered doubtful		<u>62,278,652</u>	<u>58,197,616</u>
		<u>167,252,490</u>	<u>161,617,370</u>
Provision for impairment (against debts considered doubtful)	5.2	<u>(62,278,652)</u>	<u>(58,197,616)</u>
		<u>104,973,838</u>	<u>103,419,754</u>

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

As at March 31, 2018, receivable from government and autonomous bodies of Rs. 51,533 million (June 30, 2017: Rs. 52,060 million) includes unrecognized LPS amounting to Rs. 8,277 million (June 30, 2017: Rs. 7,550 million). This includes receivable from Karachi Water and Sewerage Board (KW&SB) amounting to Rs. 31,617 million including unrecognized LPS of Rs 4,361 million (June 30, 2017: Rs. 33,173 million including unrecognized LPS of Rs. 4,028 million) and receivable from City District Government Karachi (CDGK) amounting to Rs. 13,784 million including unrecognized LPS of Rs. 1,915 million (June 30, 2017: Rs. 12,740 million including unrecognized LPS of Rs. 1,690 million).

Upto March 31, 2018, adjustment orders has been received from the Government of Sindh (GOS) whereby the Company's liability amounting to Rs. 12,434 million (2017: Rs. 10,507 million) on account of electricity duty has been adjusted against the KW&SB dues.

	(Un-Audited) March 31, 2018	(Audited) June 30, 2017
Note	(Rupees in '000)	
5.2 Provision for impairment (against debts considered doubtful)		
Opening balance	58,197,616	48,593,591
Provision made during the period / year	11,099,191	18,140,501
	<u>69,296,807</u>	<u>66,734,092</u>
Write-off against provision during the period / year	5.3 <u>(7,018,155)</u>	<u>(8,536,476)</u>
	<u>62,278,652</u>	<u>58,197,616</u>
5.3 This includes write-off of Rs. 3,187 million to be claimed as tariff adjustment in accordance with the criteria prescribed by NEPRA as explained in note 11.2.		
	(Un-Audited) March 31, 2018	(Audited) June 30, 2017
6. OTHER RECEIVABLES	(Rupees in '000)	
Considered good		
Sales tax - net	4,411,108	2,997,626
Due from the Government of Pakistan - net:		
- Tariff adjustments	39,810,137	29,809,793
- Interest receivable from GOP on demand finance liabilities	237,173	237,173
	40,047,310	30,046,966
Others	101,302	86,820
	<u>44,559,720</u>	<u>33,131,412</u>
Considered doubtful		
Sales tax	851,320	851,320
Provision for impairment	(851,320)	(851,320)
	-	-
Due from a Consortium of Suppliers of Power Plant	363,080	363,080
Provision for impairment	(363,080)	(363,080)
	-	-
	<u>44,559,720</u>	<u>33,131,412</u>

7. TAXATION - NET

There is no significant change in the status of the tax contingencies as disclosed in notes 40.1 to the annual financial statement of Company for the year ended June 30, 2017.

	(Un-Audited) March 31, 2018	(Audited) June 30, 2017
	(Rupees in '000)	
8. TRADE AND OTHER PAYABLES		
Trade creditors		
Power purchases	57,732,181	48,607,487
Fuel and gas	20,181,498	20,225,897
Others	<u>3,853,476</u>	<u>4,980,004</u>
	81,767,155	73,813,388
Murabaha finance facilities	5,526,000	3,145,500
Accrued expenses	3,533,053	4,106,631
Advances / credit balances of consumers	4,324,778	3,829,340
Others including clawback	<u>35,228,803</u>	<u>35,317,942</u>
	<u>130,379,789</u>	<u>120,212,801</u>
9. SHORT-TERM BORROWINGS – Secured		
From banking companies:		
Bills payable	1,867,118	350,147
Short-term running finances	13,964,457	10,498,941
Short-term loan	-	426,208
Structured invoice financing	<u>1,648,961</u>	<u>4,043,337</u>
	17,480,536	15,318,633
From others:		
KES Power Limited - Holding Company	33,028	36,870
KE Azm Certificates	-	496,647
KE Azm Sukuk Certificates	<u>1,465,080</u>	<u>1,425,856</u>
	<u>18,978,644</u>	<u>17,278,006</u>
10. CONTINGENCIES AND COMMITMENTS		
10.1 Contingencies		
10.1.1 Mark-up on overdue balances with National Transmission and Dispatch Company (NTDC) / Central Power Purchase Agency (CPPA), major government owned power supplier, has not been accrued in this condensed interim financial information. With effect from June 2015, the 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 MOF through payment of the Company's tariff differential claims directly to NTDC. Up to March 31, 2017 MOF has released the Company's tariff differential claims aggregating Rs. 375,995 million directly to NTDC / CPPA. Additionally, the Company has directly paid Rs. 32,619 million up to March 31, 2018 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 terms of PPA. Discussions with NTDC / CPPA are underway for the renewal of PPA.		

Subsequent to the period end 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 claim for mark-up on outstanding amount is on the premise that while the outstanding amounts were to be adjusted against tariff differential claims, the Company is eventually responsible for payments of all outstanding amounts, including mark-up. However, the Company has not acknowledged the disputed mark-up claimed by NTDC / CPPA as debt, as the Company is of the view that the disputed mark-up claims would not have arisen in case tariff differential claims payments, including payments related to claims of unrecovered cost due to 4% capping and gas load management plan were released to NTDC / CPPA by the MOF on behalf of the Company on timely basis.

In addition to above, the mark-up claimed by Sui Southern Gas Company Limited (SSGC) through its monthly invoices from July 2010 to March 2018 aggregates to Rs. 59,546 million, which has not been accrued by the Company. In view of the Company, the unilateral reduction of gas by SSGC in year 2009-10, in violation of the Economic Coordination Committee (ECC) allocation and Head of Term Agreement dated July 31, 2009, led to increased consumption of furnace oil, which coupled with non-payment by government entities as more fully explained below, significantly affected the Company's liquidity and hence the mark-up claim is not tenable.

In the year 2013, SSGC filed a suit 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. Both these suits are pending adjudication to date.

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 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 i.e. 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 (GOS) departments and entities (GOS Entities). Given that NTDC and SSGC are both majorly owned and controlled by the GOP and considering that tariff differential claims and energy dues of KW&SB (guaranteed by the GOP under the Implementation Agreement) are Company's receivables from the GOP and energy dues of GOS Entities are also receivable from GOS, the Company's management is of the view that the settlement of these outstanding balances will be made on a net basis. Further, this contention of the Company's management is also supported by the legal advices that it has obtained. Hence, mark-up / financial charges will be payable by the Company only when it will reciprocally receive mark-up on outstanding balances receivable from the Company's outstanding tariff differential claims and energy dues of public sector consumers. Without prejudice to the aforementioned position of the Company and solely on the basis of abundance caution, a provision amounting to Rs. 5,269 million (June 30, 2017: Rs. 5,269 million) is being maintained by the Company in this condensed interim financial information on account of mark-up on delayed payment.

10.1.2 There has been no change in the status of matters as discussed in notes 30.1.2 to 30.1.6 to the annual financial statements of the Company for the year ended June 30, 2017.

10.2 Claims not acknowledged as debts

10.2.1 Claims not acknowledged as debts as disclosed in notes 30.2 to the annual financial statements of the Company for the year ended June 30, 2017 remain unchanged substantially except for the following claims;

	(Un-Audited) March 31, 2018	(Audited) June 30, 2017
	(Rupees in '000)	
10.2.2 Outstanding dues of property tax, water charges, custom duty, ground rent and occupancy value	6,884,387	7,365,004
10.3 Commitments		
10.3.1 Guarantees from banks	58,425	25,425
10.3.2 Transmission projects	1,675,738	1,084,564
10.3.3 Transmission Project (TP-1000)	22,447,982	37,359,875
10.3.4 Outstanding Letters of Credit	2,599,257	5,509,053
10.3.5 Generation Projects - capital commitment KGTPS-II & SGTPS-II Steam Turbines	-	476,237
10.3.6 Dividend on Preference Shares	1,119,453	1,119,453

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

	(Un-Audited) March 31, 2018	(Audited) June 30, 2017
	(Rupees in '000)	
10.3.7 Commitments for rentals under operating lease agreements in respect of vehicles are as follows:		
- not later than one year	178,789	142,517
- later than one year and not later than five years	715,157	570,069

	Note	(Un-Audited)			
		Nine Months Ended		Quarter Ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		(Rupees in '000)		(Rupees in '000)	
11. Tariff adjustment	11.1 & 11.2	20,147,962	12,404,100	10,280,178	6,965,212
11.1	This represents tariff differential subsidy claim for variation in fuel prices, cost of power purchases, operation and maintenance cost, adjustments required as per NEPRA's MYT decision and those resulting in adjustment of tariff due from Government.				
11.2	Includes Rs. 3,187 million (comprising dues from 55,454 customers) recognized during the period against actual write-off of bad debts, as allowed by NEPRA under the MYT decision for the period July 1, 2016 to June 30, 2023, through the decision dated July 5, 2018.				

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 is required to ensure / carry out certain mandatory procedures.

		(Un-Audited)			
		Nine Months Ended		Quarter Ended	
		March	March	March	March
		31, 2018	31, 2017	31, 2018	31, 2017
		(Rupees in '000)		(Rupees in '000)	
12.	PURCHASE OF ELECTRICITY				
	Central Power Purchasing Agency (Guarantee) Limited (CPPA) / NTDC	31,691,071	30,673,558	12,057,650	11,491,339
	Independent Power Producers (IPPs)	18,763,037	12,202,779	7,202,210	4,353,350
	Others	1,779,452	2,378,646	744,763	692,174
		<u>52,233,560</u>	<u>45,254,983</u>	<u>20,004,623</u>	<u>16,536,863</u>
13.	CONSUMPTION OF FUEL AND OIL				
	Natural gas	14,904,114	22,991,348	3,451,933	3,779,773
	Furnace and other oils	28,350,482	19,965,959	8,623,887	5,770,379
		<u>43,254,596</u>	<u>42,957,307</u>	<u>12,075,820</u>	<u>9,550,152</u>
14.	TRANSACTIONS WITH RELATED PARTIES				

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. Details of transactions with related parties not disclosed elsewhere in this condensed financial information are as follows:

		(Un-Audited)	(Audited)
		March 31,	March 31,
		2018	2017
		(Rupees in '000)	
14.1	BYCO Petroleum Pakistan Limited Purchases	<u>4,381,842</u>	<u>1,231,616</u>
14.2	Government Related Entities		
14.2.1	Central Power Purchasing Agency (Guarantee) Limited (CPPA) / NTDC Purchases	<u>31,691,071</u>	<u>30,673,558</u>
14.2.2	Pakistan State Oil Company Limited Purchases	<u>24,893,751</u>	<u>18,983,827</u>
14.2.3	Sui Southern Gas Company Limited Purchases	<u>14,904,114</u>	<u>22,991,348</u>
14.3	Key management personnel		
	- Managerial remuneration	<u>165,346</u>	<u>140,124</u>
	- Housing and other allowances	<u>90,188</u>	<u>76,668</u>
	- Other allowances	<u>202,829</u>	<u>194,394</u>
14.4	Provident Fund		
	Contribution to provident fund	<u>604,350</u>	<u>548,587</u>

15. CORRESPONDING FIGURES

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

From	To	<u>Nine Months Ended</u>	<u>Quarter Ended</u>
		March 31, 2018	March 31, 2017
	(Rupees in '000).....	
Finance cost	Other operating expenses	207,094	72,265

16. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on September 18, 2019 by the Board of Directors of the Company.

17. GENERAL

All figures have been rounded off to the nearest thousand rupees.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer



Be aware, Be alert, Be safe

Learn about investing at
www.jamapunji.pk

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices



[K-Electric](#) [KElectricPk](#) [@KElectricPk](#) [KElectricPk](#) [KElectricPk](#) [www.ke.com.pk](#) [KE Live](#)

KE House, 39-B, Sunset Boulevard, Phase II (Ext), DHA, Karachi, Pakistan. UAN: (+92 21) 111 - 537 - 211