

REPORT FOR THE
NINE MONTHS ENDED
31st MARCH 2021

**20
21**



The Power
of Progress



COMPANY INFORMATION

AS AT MARCH 31, 2021

Board of Directors (BOD)

| | |
|---------------------------|-------------------------|
| Shan A. Ashary | Chairman |
| Syed Moonis Abdullah Alvi | Chief Executive Officer |
| Khalid Rafi | |
| Adeeb Ahmad | |
| Ch. Khaqan Saadullah Khan | |
| Dr Ahmed Mujtaba Memon | |
| Jamil Akbar | |
| Mubasher H. Sheikh | |
| Muhammad Abid Lakhani | |
| Mustafa Nasir Farooki | |
| 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 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 for FY21

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, Beijing Branch
Industrial & Commercial Bank of China Limited, Pakistan Branch
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
United Bank Limited

Registered Office

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

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K-Electric Limited

Directors' Review

On behalf of the Board of Directors, we are pleased to present the Director's report together with the unaudited Condensed Interim unconsolidated Financial Statements for the nine months' period ended March 31, 2021.

Key operational and financial results are summarized below:

| | JUL-MAR 2021 | JUL-MAR 2020 |
|--|-------------------------|-------------------------|
| <u>OPERATIONAL</u> | (UNITS - GWh) | |
| Units generated (net of auxiliary) | 7,295 | 6,725 |
| Units purchased | 6,227 | 5,888 |
| | | |
| Total units available for distribution (sent out) | 13,522 | 12,613 |
| Units billed | 11,352 | 10,693 |
| Transmission & Distribution Losses % | 16.0% | 15.2% |
| | | |
| | (PKR - MILLIONS) | |
| <u>FINANCIAL</u> | | |
| Revenue | 227,019 | 221,338 |
| | | |
| Gross profit | 46,129 | 36,988 |
| | | |
| Profit before finance cost | 20,403 | 19,020 |
| Profit before taxation | 12,060 | 6,199 |
| Taxation – net | (2,617) | (2,607) |
| Net Profit for the period | 9,443 | 3,592 |
| | | |
| Earnings per share-BASIC/DILUTED (Rupees) | 0.34 | 0.13 |
| | | |
| Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) | 35,027 | 33,431 |

Financial Review

During the period under review, with improved macroeconomic environment along with investments of around PKR 57,188 million, the Company continued to show strong operational performance. As a result, during the period under review, units sent out grew by 7.2% along with a 6.2% increase in units billed. This was mainly due to growth in the industrial segment which was 16% higher as compared to same period last year. Driven by these operational improvements, the Company's gross profit increased by 25% as compared to same period last year.

Further, finance cost for the period was around 35% lower than the comparative period. This was mainly on account of reduction in KIBOR rates, as a result, average borrowing cost for the Company decreased by approximately 5%, contributing over PKR 4 billion to the bottom line.

Update on Significant Matters

Generation:

Construction works on 900 MW RLNG fired project (BQPS-III) are progressing well despite the COVID19 pandemic and the first unit of 450 MW is over 75% complete, with expected commissioning by peak summer 2021. For supply of RLNG for the 900 MW BQPS-III plant, Heads of Agreement with Pakistan LNG Limited (PLL) was signed in October 2020 and negotiations for finalization of GSA is in final stages. Further, following the grant of Transmission License by OGRA in January 2021, KE is pursuing construction works on spur pipeline in an expedient manner and expects to complete the construction of a dedicated pipeline for supply of RLNG to Bin Qasim Complex by May 2021.

In addition to pursuing works on the 900 MW BQPS III plant on fast-track basis, during the period under review, KE continued to invest in maintenance and rehabilitation of its existing generation fleet. Key initiatives taken during the period under review include:

- Control System at BQPS-II was upgraded along with state-of-the-art Hazardous gas detection system installation. Furthermore, RLNG interconnection for all three GTs was successfully completed.
- Control system upgradation conducted at Korangi Combined Cycle Power Plant (KCCP), along with other major maintenance works on GTs and STs. Moreover, as a backup arrangement, works for commissioning of KCCP on High-Speed Diesel (HSD) were pursued on fast-track basis and have been completed and 04 machines have been also tested on HSD to supplement the supply when adequate gas pressure is not available at KCCP.

Transmission:

To manage the projected growth in power demand for summer of 2021, in line with Cabinet Committee on Energy (CCoE) decision dated August 27, 2020, required rehabilitation and upgradation works on the 220kV KDA-Jamshoro circuit have been completed in a timely manner through continuous engagements of KE and NTDC teams along with the successful modification to control scheme at NKI known as “Cross Trip” through 100% internal resources with approval of NTDC, enabling to safely evacuate up to 1100 MW from two existing interconnections..

Further, for off-take of remaining megawatts as part of the 1,400 MW additional supply committed by Federal Government for Karachi, the process for setting up of new grids and interconnections at 220kV and 500kV level is in progress. In this regard, construction works on 220kV Grid Station and its associated Transmission line at Dhabeji have started with expected energization by Q4 of FY 2022. For 500kV KKI Grid and its associated Transmission line, technical evaluation of bids has been completed and commercial evaluation is in progress. As the Company operates under a cost-plus tariff regime, the Company remains in continuous engagement with NEPRA to expedite the approval process for required investment in the MYT.

Moreover, to finalize contractual modalities for off-take of additional power from the National Grid, KE is in discussions with relevant stakeholders including NTDC and CPPA and is pursuing the GoP for finalization of contractual arrangements after necessary approvals.

The Company also plans to undertake significant investments in the rural segments of its service territory by upgrading its infrastructure to meet the increasing load profile which will also facilitate economic activities in these areas. In this respect, KE has planned phase wise rehabilitation of existing transmission lines from Hub-Chowki to Bela grid for which 54% work of the first phase has already been completed with expected completion of the first phase by end of FY 2021, while the second phase was initiated in December 2020, and is expected to complete within a year. Further, in parallel to rehabilitation, enhancement of grids in Vinder, Uthal & Bela is planned to include upgradation from 66 kV to 132 kV levels along with commissioning of new lines to increase the transformation capacity, reliability and bringing this loop to n-1 contingency.

Moreover, investment is planned to increase reliability and efficiency of the transmission network through rehabilitation/ enhancement projects. In this regard, projects for installation of new power transformers, replacement of conductors, RTV coating on insulators and replacement of existing insulators with composite type are in pipeline. As of now around 25% of the 220 kV EHT network which is near the coastal belt has been upgraded with RTV coated insulators enhancing reliability of the circuits. Similarly critical circuits of 132 kV are also being planned in next year to be upgraded by replacement of conductor(s) to improve the ampacity.

80 MVA transformation capacity has been recently added after successful completion of Mehmoodabad grid station which will also provide a feedback option to 11 kV ring of Baluch area; imperative to cater rapid residential growth.

Distribution:

In the distribution segment, the Company continued with its initiatives aimed at loss reduction, safety enhancement and network improvement. Aerial Bundle Cabling (ABC) roll-out continued with over 1,180 Pole Mounted Transformers (PMT) converted to ABC till Q3 FY 2021, and the Company aims to convert all high loss PMTs to ABC by 2023, combined with community engagement and upliftment initiatives. This shall enable the Company to continue with the loss reduction trajectory and exempt over 93% of service area from load-shed.

During FY 2021, the Company launched second phase of Project Sarbulandi; a transformational project that aims to uplift underdeveloped areas of Karachi. Initiatives under Project Sarbulandi focus on improving network health, minimizing commercial losses through ABC conversion, improving recovery levels and upliftment of areas through community engagement activities. Under Project Sarbulandi, till Q3 of FY 2021, the Company has successfully removed hook connections weighing around 150,000 kg from different high loss pocket areas along with installation of around 93,000 meters through Mobile New Connection Van (MNCV) and 57,000 Asaan Meters in targeted areas.

Moreover, KE remains committed to invest and improve network health, reliability, and safety. In this regard, the Company's planned initiatives include capacity enhancement through addition of feeders and PMTs, extending to network safety initiatives such as Public Accident Prevention Plan (PAPP) and Project Ensure which based on learnings from last Monsoon, focuses on building resilience in KE's distribution network against rain in certain targeted areas. Supplementing the loss reduction and network and safety enhancement initiatives, 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.

Business Development:

As part of diversification strategy of the Company, a subsidiary named KE Venture Company (Pvt) Ltd (KEVCL) was incorporated on July 30, 2020. KEVCL would be the investment arm of the Company for diverse initiatives within the energy sector of Pakistan. Additionally, another company, K-Solar (Pvt) Ltd, has been incorporated under KEVCL, specializing in distributed generation business. K-Solar has been granted approval from NEPRA and obtained Pakistan Engineering Council Constructor's License. K-Solar is now in the process of applying for the Alternative Energy Development Board (AEDB) license.

KE, as per its commitment to generate power through greener and economical sources, has initiated the process for setting up solar power projects of 50 MW each at Vinder, Uthal and Bela under IPP structure. The Project is currently under RFP stages and in addition to diversifying KE's fuel mix, completion of the Project along with the new double circuit 132 kV transmission line, will also support commercial and industrial activities in the area.

Corporate Social Responsibility:

Community Development and Outreach

As part of its continued efforts to engage with the communities it serves, KE's Project Sarbulandi Phase II was active. Under Project Sarbulandi, 23 high loss areas were targeted under which KE hosted 26 camps. Via these camps, the power utility engaged with over 27,000 community residents and provided medical treatment to over 5,000 persons as well.

During the period under review, KE also renovated multiple public spaces for public benefit. These included the Pir Ji Achhan Family Park in Liaquatabad and the Ali Sadpara Park in Korangi. Combined, these two parks are expected to benefit nearly 30,000 community residents.

Roshni Baji Program

During the period under review, KE launched the "Roshni Baji" program. Endorsed by NEPRA, this is a unique approach to promoting safety awareness, KE has on-boarded female members of the communities it serves to act as Community Safety Ambassadors for high risk areas where safety issues are prevalent. The Roshni Bajis were inducted following a rigorous safety orientation whereby they impart their learnings to women and children alike.

The results achieved so far have been very encouraging. **36,630 Households** have been reached out for safety awareness, along with a 12% conversion rate from hook connection.

Other Significant Matters

Growing Receivables from Government Entities and Departments

As of March 2021, KE's net receivables from various Federal and Provincial entities, stood at around PKR 80 billion on principal basis. The backlog of receivables continues to have a consequential impact on the Company's cashflow position, significantly hampering Company's ability to enhance the pace of investment in power infrastructure, and therefore, for sustainability of KE as well as the sector at large, it is imperative that all parties including the GoP discharge their obligations in a timely manner.

With regard to a sustainable resolution to the issue of receivables and payables, discussions around finalization of Terms of Reference (ToRs) to resolve historic disputes via arbitration involving relevant parties are ongoing, along with implementation of a mechanism to prevent such disputes arising in the future. The ToRs for arbitration have been materially agreed between the parties and will be executed post approval of the Cabinet and Board of Directors of respective entities.

The Company remains in continuous engagement with relevant stakeholders and seeks a fair and equitable resolution to the issue in accordance with the law.

Multi-Year Tariff (MYT)

KE's MYT includes a mechanism for monthly and quarterly tariff adjustments. In this regard, decisions on monthly Fuel Charge Adjustment (FCA) for the period July 2019 to May 2020 and quarterly tariff variations for the period April 2019 to March 2020 were issued by NEPRA on March 09 and 10, 2021 respectively. KE's requests for quarterly tariff variations for the period April 2020 to December 2020 are pending NEPRA's determination.

The Company remains in continuous engagement with NEPRA to expedite the determination of pending quarterly tariff variations including costs in lieu of recovery loss for the period FY 2017 to FY 2020 (in relation to actual write-off of bad debts, allowed under KE's MYT) claimed as per the mechanism provided by NEPRA, along with KE's requests filed as part of MYT mid-term review. Timely approval of these requests remains critical for Company's sustainability and execution of planned investment.

NEPRA's Decision on Power Outages during June & July 2020

NEPRA through its decision dated August 27, 2020 imposed a fine of PKR 200 Million in the matter of power outages during summer 2020, against which KE filed a review.

Subsequently, NEPRA issued its Order dated April 01, 2021 on KE's Review Motion against the decision dated August 27, 2020 wherein, NEPRA has accepted KE's stance on certain matters and revised the fine to PKR 160 Million.

The Company has filed an appeal before Appellate Tribunal and is contesting NEPRA's aforementioned Order.

NEPRA's Decision on Wheeling Charges

NEPRA issued its decision dated January 11, 2021 in the matter of wheeling charges of XWDISCOs, wherein NEPRA has not included recovery of stranded costs and cross-subsidy surcharge as part of the wheeling charges. XWDISCOs have challenged NEPRA's aforementioned determination on wheeling charges and a stay order has been granted by the Honorable court, whereas, KE has also filed a review motion against the same with NEPRA, highlighting that non-inclusion of stranded costs and cross-subsidy surcharge not only impairs the competitive landscape, but is in fact against consumer interest as well, as the cost for regulated consumers will increase due to increase in idle capacity, increase in T&D losses and avoidance of cross subsidy/social obligation cost.

NEPRA's decision on KE's Review Motion is awaited.

Board of Directors (BOD)

During period under review, 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 September 07, 2020, whereas Mustafa Nasir Farooki filled-up the casual vacancy effective December 05, 2020.

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.



Shan A. Ashary
Chairman



Syed Moonis Abdullah Alvi
Chief Executive Officer

Karachi, April 28, 2021

کے۔ الیکٹرک لمیٹڈ

ڈائریکٹرز کی جانب سے جائزہ

ہم بورڈ آف ڈائریکٹرز کی جانب سے، ڈائریکٹرز رپورٹ کے ساتھ 31 مارچ 2021ء کو ختم شدہ نو ماہی عرصے کیلئے غیر آڈٹ شدہ مختصر عبوری مالی گوشوارے پیش کرنے پر خوشی محسوس کر رہے ہیں۔

کلیدی عملی اور مالی نتائج کا خلاصہ درج ذیل ہے:

| جولائی۔ مارچ 2020ء | جولائی۔ مارچ 2021ء |
|-----------------------|-----------------------|
|-----------------------|-----------------------|

GWh-UNITS

عملی (آپریشن)

| | |
|--------|--------|
| 6,725 | 7,295 |
| 5,888 | 6,227 |
| 12,613 | 13,522 |
| 10,693 | 11,352 |
| 15.2% | 16.0% |

پیداواری یونٹس (ضمنی یونٹس کے علاوہ)
خریدے گئے یونٹس کی تعداد
تقسیم کیلئے دستیاب کل یونٹس (بھیجے گئے)
بل کردہ یونٹس
نقصانات ترسیل و تقسیم %

(ملین پاکستانی روپے)

| | |
|---------|---------|
| 221,338 | 227,019 |
| 36,988 | 46,129 |
| 19,020 | 20,403 |
| 6,199 | 12,060 |
| (2,607) | (2,617) |
| 3,592 | 9,443 |

مالی فائشل

آمدنی

مجموعی منافع

منافع قبل از مالی لاگت

منافع قبل از ٹیکس

ٹیکس۔ خالص

اس عرصے کیلئے خالص منافع

0.13 0.34

آمدنی حصص (بنیادی/تخفیف شدہ) (روپے)

33,431 35,027

انٹرسٹ، ٹیکس، ڈیپری سی ایشن اور امورٹائزیشن سے قبل آمدنی (EBITDA)

مالی جائزہ

زیر جائزہ عرصے کے دوران، لگ بھگ -57,188 ملین روپے کی سرمایہ کاری کے ساتھ بہتر میکرو اکنامک ماحول سے کمپنی نے مستحکم عملی کارکردگی دکھائی۔ نتیجتاً زیر جائزہ عرصے میں بھیجے گئے یونٹس 7.2% سے بڑھے اور بل کردہ یونٹس میں 6.2% کا اضافہ ہوا۔ اس کی بڑی وجہ صنعتی شعبے میں اضافہ ہے جو پچھلے سال کے اسی عرصے کے مقابلے میں 16% زیادہ تھا۔ ان عملی بہتری سے متحرک کمپنی کا مجموعی منافع پچھلے سال کے اسی عرصے کے مقابلے میں 25% زیادہ رہا۔

مزید یہ کہ اس عرصے میں مالیاتی لاگت پچھلے عرصے کے مقابلے میں تقریباً 35% کم رہی۔ اس کی بنیادی وجہ KIBOR ریٹس میں کمی تھی، جس کا نتیجہ یہ ہوا کہ کمپنی کے لیے گئے قرضوں کی اوسط لاگت لگ بھگ 5% کم ہو کر اس کے منافع میں 4 ارب روپے سے زیادہ کا حصہ ڈالا۔

اہم امور پر تازہ ترین صورتحال

جزیریشن (تفکیک و پیداوار):

900 میگا واٹ RLNG فائرڈ پروجیکٹ (BQPS-III) کو 19-19 دہائی کے باوجود تیزی سے آگے بڑھ رہا ہے اور 450MW کا پہلا یونٹ تقریباً 75% سے بھی زائد مکمل کر لیا گیا ہے اور توقع ہے کہ پیک سمر (peak summer) میں کام کرنا شروع کر دے گا، 900 میگا واٹ BQPS-III پلانٹ کیلئے RLNG کی فراہمی کیلئے پاکستان LNG لمیٹڈ (PLL) کے ساتھ معاہدے پر دستخط اکتوبر 2020ء میں کیے گئے تھے اور GSA کی حتمی شکل کیلئے بات چیت آخری مراحل میں ہے۔ اس کے علاوہ جنوری 2021ء میں OGRA کی جانب سے ٹرانسمیشن لائنس کے اجراء کی پیروی میں، KE تیزی سے اسپر پائپ لائن پر تعمیراتی کاموں کو سرانجام دے رہا ہے اور توقع ہے کہ بن قاسم کمپلیکس کو RLNG کی فراہمی کیلئے مخصوص پائپ لائن کی تعمیر مئی 2021ء تک مکمل کر لی جائے گی۔

تیز رفتاری کی بنیاد پر 900 میگا واٹ BQPS-III پلانٹ پر جاری کاموں کے علاوہ، زیرِ جائزہ عرصے میں، KE نے اپنے موجودہ پیداواری بیڑے کی دیکھ بھال اور بحالی میں سرمایہ کاری کو جاری رکھا ہوا ہے۔ زیرِ جائزہ عرصے کے دوران کیے گئے اہم اقدامات میں درج ذیل بھی شامل ہیں:

- BQPS-II پر کنٹرول سسٹم کو اسٹیٹ آف دی آرٹ خطرناک گیس کے سراغ کے سسٹم کی تنصیب کے ساتھ اسے اپ گریڈ بھی کر دیا گیا ہے۔ اس کے علاوہ تمام کے تمام تین GTs کیلئے RLNG انٹر کنکشن کو کامیابی سے مکمل کر لیا گیا ہے۔
- کورنگی کمبائنڈ سائیکل پاور پلانٹ (KCCP) پر کنٹرول سسٹم اپ گریڈیشن کے ساتھ ساتھ GTs اور STs پر مینٹیننس کے دیگر بڑے بڑے کاموں کو انجام دیا گیا۔ بیک اپ از تخمٹ کے طور پر ہائی اسپیڈ ڈیزل (HSD) پر KCCP کے آغاز کیلئے کاموں کو تیز رفتاری کی بنیاد پر انجام دیا گیا اور اسے مکمل کر لیا گیا اور HSD پر چار مشینوں کو آزمایا گیا ہے تاکہ جب KCCP پر مناسب گیس پریشر دستیاب نہ ہو تو فراہمی میں اضافہ کر دیا جائے۔

ترسیل یعنی ٹرانسمیشن

سن 2021ء کی گرمیوں کیلئے بجلی کی طلب میں ظاہر کردہ اضافے کی نظم کاری کی غرض سے، 27 اگست 2020ء کو توانائی پر کابینہ کی کمیٹی (CCoE) کے فیصلے کے عین مطابق 220kV کے ڈی اے-جامشورو پر مطلوبہ بحالی اور اپ گریڈیشن کا کام KE اور NTDC کی ٹیمز کی انتہائی محنت سے مکمل کرنے کے ساتھ ساتھ NTDC کی منظوری سے اندرونی وسائل کے ذریعے NKI جسے ”کراس ٹرپ“ کے طور پر جانا جاتا ہے پر کنٹرول اسکیم میں مطلوبہ ترمیم کا کام مکمل ہوا۔ جس سے دو عدد موجودہ انٹر کنکشنز سے 1100MW کا محفوظ انخلا ممکن ہوا۔

کراچی کیلئے وفاقی حکومت کی جانب سے وعدہ کیے گئے اضافی 1400MW کی فراہمی کے جزو کے طور پر بھٹی ایٹمی پاور اسٹیشن کی آف ٹیک کیلئے 220kV اور 500kV لائنوں پر نئے گرڈز اور انٹر کنکشنز کے قیام کا عمل جاری ہے۔ اس سلسلے میں 220kV گرڈ اسٹیشن پر تعمیراتی کام اور دھانچہ پر اس سے منسلک ٹرانسمیشن لائن کا آغاز کر دیا گیا جس سے توقع ہے کہ مالی سال 2022ء کی چوتھی سہ ماہی سے بجلی ماننا شروع ہو جائے گی۔ KKI 500kV گرڈ اور اس کی منسلک ٹرانسمیشن لائن کیلئے تکنیکی تخمینے کی ہڈ (نیلامی) مکمل ہو گئی ہے اور تجارتی تخمینہ ابھی جاری ہے۔ کمپنی کو سٹ پلس ٹیرف رجیم کے تحت نمبر اکے ساتھ مسلسل رابطے میں ہے تاکہ MYT میں درکار سرمایہ کاری کیلئے منظوری کے عمل کو تیز تر کیا جائے۔

علاوہ ازیں قومی گرڈ سے اضافی توانائی کے آغاز کیلئے معاہداتی طریقوں کی حتمی شکل کی غرض سے KE اپنے متعلقہ اسٹیک ہولڈرز جس میں NTDC اور CPPA شامل ہیں سے گفت و شنید میں مصروف ہے اور ضروری منظوریوں کے بعد معاہداتی انتظامات کو مکمل کرنے کیلئے حکومت پاکستان سے کوشش کر رہا ہے۔

کمپنی اپنے انفراسٹرکچر کی اپ گریڈنگ سے اپنا دائرہ خدمت کے دیہی شعبہ جات میں نمایاں سرمایہ کاری کے منصوبے کیلئے بھی کوشاں ہے تاکہ بڑھتے ہوئے لوڈز پروفائل کی تکمیل کی جائے جس سے ان علاقوں میں معاشی سرگرمیوں کی سہولیات بھی بہم پہنچائی جائیں گی۔ اس سلسلے میں KE نے حب چوکی سے بیلا گرڈ تک موجودہ ٹرانسمیشن لائنز کی مرحلہ وار بحالی کا منصوبہ بنایا ہے جس کیلئے پہلے مرحلے کا 54% کام پہلے ہی مکمل کر لیا گیا ہے اور توقع ہے کہ مالی سال 2021ء کے اختتام تک پہلا مرحلہ مکمل ہو جائے گا جبکہ دوسرے مرحلے کا آغاز دسمبر 2020ء میں ہو گیا تھا، اور توقع ہے کہ ایک سال میں مکمل ہو جائے گا، مزید یہ کہ بحالی کے کاموں کے ساتھ ساتھ وندر، آتھل اور بیلا میں گرڈز کے اضافے کی منصوبہ بندی بھی کی گئی ہے تاکہ نئی لائنز کے آغاز کے ساتھ 66kV سے 132kV تک کی اپ گریڈیشن کو شامل کر لیا جائے جس سے ٹرانسمیشن کی گنجائش، پائیداری میں اضافہ ہو جائے گا اور اس لوپ کو n-1 کنفیگوریشن تک لایا جائے گا۔

علاوہ ازیں، بحالی/ اضافے کے منصوبوں کے ذریعے ٹرانسمیشن نیٹ ورک کی پائیداری اور کارکردگی میں اضافے کیلئے سرمایہ کاری کا منصوبہ بنایا گیا ہے۔ اس سلسلے میں نئے پاور ٹرانسفارمرز، کنڈکٹرز کی تبدیلی، انسولیٹرز پر RTV کوٹنگ اور کمپوزٹ ٹائپ کے ساتھ موجودہ انسولیٹرز کی تبدیلی کے کام بھی زیر غور ہیں۔ اب تک EHT 220kV میٹ ورک کا تقریباً 25% جو کہ ساحلی پٹی کے قریب ہے RTV کوٹنگ انسولیٹرز سے آپ گریڈ کیا جا چکا ہے جس سے سرکٹس کی پائیداری مزید بڑھ چکی ہے۔ اسی طرح 132kV کے کریٹیکل سرکٹس آئندہ سال کنڈکٹرز کی تبدیلی سے آپ گریڈ کیے جانے کا منصوبہ ہے تاکہ اس کی گنجائش کو بہتر بنایا جاسکے۔

80MVA ٹرانسفارمیشن کیپسٹی محمود آباد گرڈ اسٹیشن کی کامیاب تکمیل کے بعد حال ہی میں بڑھادی گئی ہے جس سے بلوچ علاقوں کے 11kV رینگ کو فیڈ بیک آپشن بھی فراہم ہوگا؛ جو کہ رہائشی ترقی کی تیز رفتار تکمیل کیلئے ضروری ہے۔

ڈسٹری بیوشن (تقسیم کاری):

تقسیم کاری کے شعبے میں، کمپنی نے جو منصوبے کیے ہیں ان کا مقصد نقصانات میں کمی، حفاظت میں اضافے اور نیٹ ورک کی بہتری ہے۔ 2021ء کے تیسرے سہ ماہی تک 1,180 سے زائد PMTs کو ABC پر منتقل کیا گیا اور کمپنی 2023ء کے اختتام تک تمام زیادہ نقصان والے PMTs کو ABC پر منتقل کرنے کا ارادہ رکھتی ہے جو کہ کمیونٹی کی شمولیت اور بہتری والے اقدامات کے ہمراہ کے۔ الیکٹرک کو نقصان میں کمی کرنے اور اپنے سروس ایریا کے 93% علاقوں کو لوڈ شیڈنگ سے مستثنیٰ کرنے کے قابل بنائیں گے۔

مالی سال 2021 کے دوران، کمپنی نے پروجیکٹ سر بلندی کے دوسرے مرحلے کا آغاز کیا۔ یہ تبدیلی کا پروجیکٹ ہے جس کا مقصد کراچی کے پسماندہ علاقوں کو اوپر اٹھانا ہے۔ پروجیکٹ سر بلندی کے تحت اقدامات کی توجہ نیٹ ورک کی صحت کو بہتر بنانا، ABC کنورژن کے ذریعے تجارتی نقصانات کو کم سے کم کرنا، وصولیوں کی سطحوں کو بہتر بنانا اور سماجی شمولیت کی سرگرمیوں کے ذریعے ان علاقوں کو ترقی دینے پر ہے۔ پروجیکٹ سر بلندی کے تحت مالی سال 2021ء کی تیسری سہ ماہی تک کمپنی نے مختلف زیادہ نقصان والے علاقوں سے تقریباً 150,000kg وزن کے برابر کنڈے کامیابی کے ساتھ ہٹا دیے اور ساتھ ہی ہدف کردہ علاقوں میں موبائل نیوکلیشن وین (MNCV) کے ذریعے 93,000 میٹر اور 57,000 آسان میٹر نصب کیے۔

علاوہ ازیں KE نیٹ ورک کی صحت، پائیداری اور حفاظت کی غرض سے سرمایہ کاری کرنے اور اسے بہتر بنانے کیلئے پرعزم ہے۔ اس سلسلے میں کمپنی کے تشکیل شدہ منصوبوں میں فیڈرز اور پی ایم ٹیز کے اضافے، نیٹ ورک کے تحفظ کے اقدامات میں توسیع جیسے پبلک ایکسیڈنٹ پری ونشن پلان (PAPP) کے ذریعے گنجائش کو بڑھانا شامل ہیں اور پروجیکٹ انشور جو کہ پچھلے مون سون سے سبق پڑی ہے کچھ ہدف کردہ علاقوں میں بارشوں کے مقابلے میں KE کے ڈسٹری بیوشن نیٹ ورک میں مزاحمت کی تعمیر پر توجہ دی گئی ہے۔ نقصانات میں کمی اور حفاظت کی بہتری کے اقدامات کو بڑھاتے ہوئے، کمپنی نے ایڈوانسڈ میٹرنگ انفراسٹرکچر (AMI) اور اسمارٹ میٹرز کی PMTs اور بڑے صنعتی صارف کی سطحوں پر تنصیب کر رہا ہے تاکہ انرجی مینجمنٹ کو بہتر بنایا جائے۔

کاروبار کا فروغ

ادارے کی ڈائریکشن سٹریٹجی کے ایک جزو کے طور پر، ایک ذیلی ادارہ بنام KE وچٹر کمپنی (پرائیویٹ) لمیٹڈ، 30 جولائی 2020ء قائم کیا گیا تھا۔ KEVCL، پاکستان کے توانائی کے شعبے میں مختلف اقدامات کیلئے کمپنی کا سرمایہ کاری دست و بازو ہوگا۔ اس کے علاوہ ایک اور کمپنی بنام کے۔ سولر (پرائیویٹ) لمیٹڈ بھی KEVCL کے تحت قائم کر دی گئی ہے جو ڈسٹری بیوٹڈ جرنیشن برنس کیلئے مخصوص ہوگی۔ کے۔ سولر کو مچر کی طرف سے منظوری دے دی گئی ہے اور پاکستان انجینئرنگ کونسل کنسلٹرنگ کالائسنس بھی حاصل کر لیا گیا ہے۔ کے۔ سولر اب الٹرنیٹو انرجی ڈویلپمنٹ بورڈ (AEDB) لائسنس کیلئے درخواست پر کام کر رہا ہے۔

سر سبزیز اور کم خرچ ذرائع سے بجلی کی پیداوار کے عزم کے مطابق، KE نے IPP اسٹرکچر کے تحت وندر، اوتھل اور بیلوا کے مقام پر ہر ایک جگہ 50MW کے سولر پاور پروجیکٹس کے قیام کیلئے کام کا آغاز کر دیا ہے۔ یہ پروجیکٹ فی الوقت RFP مراحل میں ہے اور KE کے فیول کس کے متنوع ہوجانے کے علاوہ نئے ڈبل سرکٹ 132kV ٹرانسمیشن لائن کے ساتھ اس پروجیکٹ کی تکمیل سے ان علاقوں میں تجارتی اور صنعتی سرگرمیوں کو بھی مدد حاصل ہو جائے گی۔

ادارہ جاتی سماجی ذمے داری:

کمیونٹی ڈویلپمنٹ اینڈ آؤٹ ریچ

اپنے دائرہ خدمت میں سماج کے ساتھ وابستگی کی غرض سے جاری اپنی کوششوں کے حصے کے طور پر، KE کے پروجیکٹ سر بلندی کے دوسرے مرحلے کو فعال کر دیا گیا۔ پروجیکٹ سر بلندی کے تحت زیادہ نقصان والے 23 علاقوں کو ہدف بنایا گیا تھا جہاں KE نے 26 کمیپس کی میزبانی کے فرائض انجام دیے۔ ان کمیپس کے توسط سے بجلی کے ادارے نے 27,000 سے زائد علاقوں کے رہائشیوں کو شامل کیا اور 5000

سے زیادہ افراد کو علاج معالجہ بھی فراہم کیا۔

زیر جائزہ عرصے کے دوران عوام کی فلاح و بہبود کیلئے کئی عوامی مقامات کی تزئین و آرائش کا کام انجام دیا۔ ان میں لیاقت آباد کے اندر پیر جی اچھن فیملی پارک اور کورنگی میں علی صد پارک بھی شامل ہیں۔ ان دونوں پارکس سے توقع ہے کہ علاقے کے تقریباً 30,000 رہائشیوں کو فائدہ ہوا ہے۔

روشنی باجی پروگرام

زیر جائزہ عرصے میں، KE نے ”روشنی باجی“ پروگرام بھی شروع کیا۔ نہرا کی جانب سے تصدیق شدہ، یہ حفاظت کیلئے آگاہی کے فروغ کی جانب ایک منفرد سوچ ہے، KE نے ان کیونٹریز سے جہاں وہ خدمات انجام دے رہا ہے وہاں کی خواتین کو بھی شامل کر چکا ہے تاکہ جہاں حفاظت کے مسائل بہت زیادہ ہیں ان زیادہ خطرے والے علاقوں کیلئے یہ خواتین کیونٹی سیفٹی ایمپسڈرز (حفاظت کے سماجی سفیر) کے طور پر کام کریں۔ روشنی باجی کو سخت حفاظتی واقفیت کی پیروی کے ساتھ شامل کیا گیا تھا جس کے ذریعے وہ خواتین اور بچوں دونوں میں یکساں طور پر اپنی تعلیمات ان تک پہنچاتی رہیں۔

اب تک اس کے نتائج نہایت حوصلہ افزا رہے۔ حفاظت سے آگاہی کیلئے 36,630 گھرانوں سے رابطہ کیا گیا جس کے ساتھ 12% ہک کنکشن کی تبدیلی کی شرح بھی حاصل کی گئی۔

دیگر اہم امور

حکومتی اداروں اور شعبوں سے بڑھتی ہوئی وصولیاں

مارچ 2021ء کے مطابق، مختلف وفاقی و صوبائی اداروں سے اصل کی بنیاد پر خالص وصولیوں کی رقم تقریباً 80 ارب روپے بنتی ہیں۔ وصولیوں کا انبار کمپنی کی نقد رقم کے بہاؤ کی صورت حال پر بڑے اثرات کرتا چلا آ رہا ہے، جس سے توانائی کے انفراسٹرکچر میں کمپنی کی سرمایہ کاری کی رفتار کو بڑھانے کی صلاحیتوں میں رکاوٹوں کا سامنا ہے، اور اسی لیے وسیع تر تناظر میں KE اور اس شعبے کی پائیداری بھی متاثر ہو رہی ہے، یہ انتہائی ضروری ہے کہ تمام فریقین جس میں حکومت پاکستان بھی شامل ہے کو اپنے فرائض بروقت انداز میں انجام دینے ہوں گے۔

وصولیوں اور واجبات کے مسائل کے دیرپا حل کے سلسلے میں، ثالث کے ذریعے بشمول فریقین تاریخی تنازعات کے سلجھاؤ کیلئے حوالے کی شرائط (ToRs) پر بحث حتمی صورت اختیار کرنے کو ہے، جس کے ساتھ ہی مستقبل میں ایسے تنازعات کی روک تھام کے غرض سے طریقہ کار کے نفاذ پر بات ہو رہی ہے۔ ثالث کیلئے حوالہ کی شرائط (ToRs) فریقین کے درمیان مادی طور پر قبول کر لی گئی ہیں اور متعلقہ اداروں کے بورڈ آف ڈائریکٹرز اور کابینہ کی منظوری کے بعد ان پر عمل درآمد شروع ہو جائے گا۔

کمپنی متعلقہ فریقین کے ساتھ مسلسل رابطے میں ہے اور قانون کے عین مطابق اس مسئلے کا منصفانہ اور عادلانہ حل چاہتی ہے۔

ملٹی-ایئر ٹیرف یعنی کثیر سالہ نرخ (MYT)

KE کے MYT میں ماہانہ اور سہ ماہی ٹیرف ایڈجسٹمنٹس کیلئے طریقہ کار بھی شامل ہے۔ اس سلسلے میں جولائی 2019ء سے مئی 2020ء تک کے عرصے کیلئے ماہانہ فیول چارج ایڈجسٹمنٹ (FCA) پر فیصلے اور اپریل 2019ء سے مارچ 2020ء تک کے عرصے کیلئے سہ ماہی ٹیرف میں تغیرات کو 9 اور 10 مارچ 2021ء پر علی الترتیب نہرا کی جانب سے جاری کر دیا گیا ہے۔ اپریل 2020ء سے دسمبر 2020ء تک کے عرصے کیلئے سہ ماہی ٹیرف تغیرات کیلئے KE کی درخواستیں نہرا کے تعین کیلئے زیر التوا ہیں۔

کمپنی زیر التوا سہ ماہی ٹیرف تغیرات کے جلد تعین کیلئے مسلسل نہرا کے ساتھ رابطے میں ہے جس میں مالی سال 2017ء سے 2020ء تک کیلئے نہرا کی پیش کردہ طریقہ کار کے مطابق دعویٰ کردہ وصولیوں کے نقصان کی لاگت (KE کے MYT کے تحت اجازت دیے گئے بڑے قرضوں کے write-off سے متعلق) اور KE کی MYT ڈٹرم کے سلسلے میں داخل شدہ درخواست شامل ہے۔ ان درخواستوں کی بروقت منظوری کمپنی کے استحکام اور منصوبہ کردہ سرمایہ کاری پر عمل درآمد کیلئے نہایت اہم ہے۔

جون اور جولائی 2020ء کے دوران بجلی کی بندش سے متعلق نہرا کا فیصلہ

نہرا نے مورخہ 27 اگست 2020ء کے اپنے فیصلے کے ذریعے سن 2020ء کی گرمیوں کے دوران بجلی کی بندشوں کے معاملے پر 200 ملین روپے کا جرمانہ عائد کر دیا تھا جس کے خلاف KE نے ایک جائزہ داخل کر رکھا ہے۔

نپہرانے اس کے بعد اس کے بتاریخ 27 اگست 2020ء کے فیصلے کے خلاف KE کی تحریک جائزہ پر مورخہ یکم اپریل 2021ء کو اپنا حکم نامہ جاری کر دیا جس میں نپہرانے کچھ امور پر KE کے موقف کو قبول کر لیا اور جرمانے میں ترمیم کر کے اسے 160 ملین روپے کر دیا۔

کمپنی نے اپیلٹ ٹریبونل (Appellate Tribunal) میں ایک اپیل (استدعا) جمع کروادی ہے اور نپہرا کے درج بالا حکم نامے پر اعتراض کر رہی ہے۔

وہیلنگ چارجز پر نپہرا کا فیصلہ

XWDISCOs کے وہیلنگ چارجز کے معاملے میں نپہرا نے اپنا فیصلہ 11 جنوری 2021ء کو جاری کر دیا ہے جس میں نپہرا نے پھنسی ہوئی لاگتوں اور کراس سبسڈی سرچارجز کی وصولی کو اس وہیلنگ چارجز کے جزو کے طور پر شامل نہیں کیا ہے۔ XWDISCOs نے وہیلنگ چارجز پر نپہرا کے درج بالا تعین کو چیلنج کر دیا ہے اور معزز عدالت کی طرف سے حکم امتناعی حاصل کر لیا ہے، KE نے بھی اسی معاملے کے خلاف نپہرا کے سامنے تحریک جائزہ دائر کر دی ہے جس میں اس بات کو اجاگر کیا گیا ہے کہ پھنسی ہوئی لاگتوں اور کراس سبسڈی سرچارجز کی عدم شمولیت نہ صرف مسابقتانہ منظر نامے کو مفلوج کر دے گی بلکہ درحقیقت یہ صارف کے مفادات کو بھی گزند پہنچائے گی کیونکہ ریگولیٹڈ صارفین کیلئے لاگت میں غیر فعال گنجائش/صلاحیت، T&D نقصانات میں اضافے اور کراس سبسڈی/سماجی ذمہ داری لاگت کو نظر انداز کرنے کی وجہ سے اضافہ ہو جائے گا۔

KE کی تحریک جائزہ پر نپہرا کے فیصلے کا انتظار ہے۔

بورڈ آف ڈائریکٹرز (BOD)

زیر جائزہ عرصے کے دوران، ریاض الیس اے اور لیس نے چیئرمین اور ڈائریکٹر کے عہدے سے استعفیٰ دے دیا تھا اور شان اے۔ اشعری کو مورخہ 7 ستمبر 2020ء سے کمپنی کے بورڈ آف ڈائریکٹرز کے چیئرمین منتخب ہوئے تھے، جبکہ مصطفیٰ ناصر فاروقی نے ہنگامی اساسی کو مورخہ 5 دسمبر 2020ء سے پر کیا تھا۔

اعترافات

بورڈ کمپنی کے شیئر ہولڈرز اور صارفین کا دل کی گہرائیوں سے ان کے تعاون اور تعامل کیلئے شکر یہ ادا کرنا چاہتا ہے اور ساتھ ہی کمپنی کے تمام ملازمین کی کوششوں کو بھی تہہ دل سے سراہتا ہے۔



سید موسیٰ عبداللہ علوی

چیف ایگزیکٹو آفیسر



شان اے اشعری

چیئرمین

کراچی، 28 اپریل 2021ء



CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2021

K-ELECTRIC LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

| | | (Un-Audited) March 31, 2021 | Audited) June 30, 2020 |
|---|------|-----------------------------------|------------------------------|
| | Note | (Rupees in '000) | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 403,475,859 | 360,980,861 |
| Intangible assets | | 185,097 | 312,822 |
| Investment in Subsidiary - at cost | 1.4 | 32,100 | - |
| Investment property | | 3,002,138 | 3,047,856 |
| Long-term loans | | 14,558 | 16,529 |
| Long-term deposits | | 11,744 | 11,258 |
| | | 406,721,496 | 364,369,326 |
| Current assets | | | |
| Stores, spares parts and loose tools | | 16,693,946 | 12,966,222 |
| Trade debts | 5 | 94,549,914 | 99,831,863 |
| Loans and advances | | 3,058,616 | 1,806,416 |
| Deposits and short-term prepayments | | 4,131,966 | 3,595,164 |
| Other receivables | 6 | 259,108,718 | 212,042,354 |
| Taxation - net | 7 | 293,395 | 1,080,823 |
| Derivative financial assets | | 2,513,816 | 4,632,953 |
| Cash and bank balances | | 1,992,861 | 3,088,813 |
| | | 382,343,232 | 339,044,608 |
| TOTAL ASSETS | | 789,064,728 | 703,413,934 |
| 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 | | | |
| Share premium and other reserves | | 2,009,172 | 2,009,172 |
| Surplus on revaluation of property, plant and equipment | | 55,484,814 | 59,232,336 |
| | | 57,493,986 | 61,241,508 |
| Revenue reserves | | | |
| General reserves | | 5,372,356 | 5,372,356 |
| Unappropriated profit | | 60,973,246 | 47,782,956 |
| | | 66,345,602 | 53,155,312 |
| | | 123,839,588 | 114,396,820 |
| TOTAL EQUITY | | 220,101,139 | 210,658,371 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long-term diminishing musharaka | 8 | 25,844,289 | 27,920,786 |
| Long-term financing | 9 | 38,565,893 | 43,476,225 |
| Lease Liabilities | | 77,575 | 97,226 |
| Long-term deposits | | 12,579,512 | 11,718,860 |
| Employee retirement benefits | | 4,623,195 | 5,262,039 |
| Deferred revenue | | 26,154,935 | 24,814,138 |
| | | 107,845,399 | 113,289,274 |
| Current liabilities | | | |
| Current maturity of long-term diminishing musharaka | 8 | 4,400,000 | 4,400,000 |
| Current maturity of long-term financing | 9 | 11,848,624 | 7,120,676 |
| Current maturity of lease liabilities | | 57,285 | 23,474 |
| Trade and other payables | 10 | 316,296,560 | 267,630,980 |
| Unclaimed dividend | | 645 | 645 |
| Accrued mark-up | | 8,658,185 | 8,314,338 |
| Short-term borrowings | 11 | 100,189,965 | 72,544,367 |
| Short-term deposits | | 19,659,426 | 19,424,309 |
| Provision | | 7,500 | 7,500 |
| | | 461,118,190 | 379,466,289 |
| TOTAL LIABILITIES | | 568,963,589 | 492,755,563 |
| TOTAL EQUITY AND LIABILITIES | | 789,064,728 | 703,413,934 |
| Contingencies and Commitments | | | |
| | 12 | | |

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

K-ELECTRIC LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

| | | Nine months Ended | | Quarter Ended | |
|--|----|------------------------------|-------------------|------------------------------|-------------------|
| | | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| Note | | ----- (Rupees in '000) ----- | | ----- (Rupees in '000) ----- | |
| REVENUE | | | | | |
| Sale of energy – net | | 174,078,987 | 144,353,814 | 55,716,462 | 38,661,724 |
| Tariff adjustment | 13 | 52,940,096 | 76,983,864 | 17,945,066 | 24,287,994 |
| | | 227,019,083 | 221,337,678 | 73,661,528 | 62,949,718 |
| COST OF SALES | | | | | |
| Purchase of electricity | 14 | (74,251,578) | (77,069,307) | (24,039,813) | (25,190,595) |
| Consumption of fuel and oil | 15 | (87,039,001) | (88,339,412) | (27,113,411) | (18,186,054) |
| Expenses incurred in generation, transmission and distribution | | (19,599,281) | (18,940,928) | (6,234,211) | (6,813,864) |
| | | (180,889,860) | (184,349,647) | (57,387,435) | (50,190,513) |
| GROSS PROFIT | | 46,129,223 | 36,988,031 | 16,274,093 | 12,759,205 |
| Consumers services and administrative expenses | | (18,355,757) | (15,910,328) | (6,233,981) | (5,761,967) |
| Impairment loss against trade debts | | (13,266,893) | (7,610,937) | (6,636,632) | (1,063,078) |
| Other operating expenses | | (1,204,591) | (919,339) | (493,466) | (630,819) |
| Other income | | 7,100,947 | 6,472,435 | 3,245,152 | 852,646 |
| | | (25,726,294) | (17,968,169) | (10,118,927) | (6,603,218) |
| PROFIT BEFORE FINANCE COST | | 20,402,929 | 19,019,862 | 6,155,166 | 6,155,987 |
| Finance cost | | (8,343,381) | (12,821,139) | (2,763,672) | (4,774,104) |
| PROFIT BEFORE TAXATION | | 12,059,548 | 6,198,723 | 3,391,494 | 1,381,883 |
| Taxation | | | | | |
| - Current | | (2,616,780) | (2,198,123) | (820,406) | (584,542) |
| - Deferred | | - | (408,638) | - | - |
| | | (2,616,780) | (2,606,761) | (820,406) | (584,542) |
| NET PROFIT FOR THE PERIOD | | 9,442,768 | 3,591,962 | 2,571,088 | 797,341 |
| EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION (EBITDA) | | | | | |
| | | 35,027,089 | 33,431,088 | 10,562,831 | 11,201,058 |
| ----- (Rupees) ----- | | | | | |
| EARNING PER SHARE - BASIC AND DILUTED | | 0.34 | 0.13 | 0.09 | 0.03 |

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

K-ELECTRIC LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

| | Nine Months Ended | | Quarter Ended | |
|---------------------------|-----------------------------|-------------------|-----------------------------|-------------------|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| | ------(Rupees in '000)----- | | ------(Rupees in '000)----- | |
| Net profit for the period | 9,442,768 | 3,591,962 | 2,571,088 | 797,341 |

Other comprehensive income:

Items that may be reclassified to profit or loss

Changes in fair value of cash flow hedges

Adjustment for amounts transferred to profit or loss

Impairment recognised against revaluation surplus

Less: Taxation thereon

| | | | |
|-------------|-------------|-------------|-------------|
| (1,432,636) | 363,607 | (1,246,441) | 1,273,070 |
| 1,432,636 | (363,607) | 1,246,441 | (1,273,070) |
| - | - | - | - |
| - | (1,409,098) | - | - |
| - | 408,638 | - | - |
| - | (1,000,460) | - | - |
| - | (1,000,460) | - | - |

Total comprehensive income for the period

| | | | |
|-----------|-----------|-----------|---------|
| 9,442,768 | 2,591,502 | 2,571,088 | 797,341 |
|-----------|-----------|-----------|---------|

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer


K-ELECTRIC LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

| | Issued, subscribed and paid-up capital | | | Reserves | | | | | | | Total |
|--|--|-------------------|---------------------|---------------|---------|---|-------------|------------------|-----------------------|------------|-------------|
| | Ordinary shares | Transaction costs | Total share capital | Capital | | | | Revenue | | Total | |
| | | | | Share premium | Others | Surplus on revaluation of Property, plant and equipment | Total | General reserves | Unappropriated profit | | |
| | (Rupees in '000) | | | | | | | | | | |
| Balance as at July 1, 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 income for the nine months period ended March 31, 2020 | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | - | 3,591,962 | 3,591,962 | 3,591,962 |
| Other comprehensive income | - | - | - | - | - | (1,000,460) | (1,000,460) | - | - | - | (1,000,460) |
| | - | - | - | - | - | (1,000,460) | (1,000,460) | - | 3,591,962 | 3,591,962 | 2,591,502 |
| Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax | - | - | - | - | - | (4,161,814) | (4,161,814) | - | 4,161,814 | 4,161,814 | - |
| Balance as at March 31, 2020 (Un-Audited) | 96,653,179 | (391,628) | 96,261,551 | 1,500,000 | 509,172 | 60,718,163 | 62,727,335 | 5,372,356 | 52,719,722 | 58,092,078 | 217,080,964 |
| Balance as at July 1, 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 |
| Total comprehensive income for the nine months period ended March 31, 2021 | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | - | 9,442,768 | 9,442,768 | 9,442,768 |
| Other comprehensive loss | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | 9,442,768 | 9,442,768 | 9,442,768 |
| Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax | - | - | - | - | - | (3,747,522) | (3,747,522) | - | 3,747,522 | 3,747,522 | - |
| Balance as at March 31, 2021 (Un-Audited) | 96,653,179 | (391,628) | 96,261,551 | 1,500,000 | 509,172 | 55,484,814 | 57,493,986 | 5,372,356 | 60,973,246 | 66,345,602 | 220,101,139 |

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.


Syed Moonis Abdullah Alvi
 Chief Executive Officer


Khalid Rafi
 Director


Muhammad Aamir Ghaziani
 Chief Financial Officer

K-ELECTRIC LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

| | Nine months Ended | |
|---|------------------------------------|---------------------------|
| | March 31, 2021 | March 31, 2020 |
| Cash Flows From Operating Activities | ------(Rupees in '000)----- | |
| Profit before taxation | 12,059,548 | 6,198,723 |
| Adjustments for non-cash charges and other items: | | |
| Depreciation and amortization | 14,624,160 | 14,411,226 |
| Provision for employee retirement benefits | 741,012 | 836,948 |
| Provision for slow moving and obsolete stores, spare parts and loose tools, net | 166,674 | 200,458 |
| Provision for debts considered doubtful | 13,266,893 | 8,112,598 |
| Gain on sale of property, plant and equipment | (1,118,330) | (68,086) |
| Loss on derivative financial assets | 1,432,636 | 193,326 |
| Finance cost | 8,343,381 | 12,821,139 |
| Amortization of deferred revenue | (1,619,864) | (1,486,378) |
| Return on bank deposits | (152,465) | (291,105) |
| Operating profit before working capital changes | 47,743,645 | 40,928,849 |
| Working capital changes: | | |
| (Increase) / Decrease in current assets | | |
| Stores, spare parts and loose tools | (3,894,398) | (2,642,983) |
| Trade debts | (7,984,944) | (9,399,426) |
| Loans and advances | (1,252,200) | (1,175,761) |
| Trade deposits and short term prepayments | (536,802) | 1,814,782 |
| Other receivables | (47,066,364) | (76,155,332) |
| | (60,734,708) | (87,558,720) |
| Increase in current liabilities | | |
| Trade and other payables | 48,665,580 | 52,890,706 |
| Short-term deposits | 235,117 | 3,016,713 |
| | 48,900,697 | 55,907,419 |
| Cash generated from operations | 35,909,634 | 9,277,548 |
| Employee retirement benefits paid | (1,379,856) | (421,037) |
| Income tax paid | (1,829,352) | (2,632,257) |
| Receipts in deferred revenue | 2,960,661 | 2,079,373 |
| Finance cost paid | (7,987,190) | (11,646,221) |
| Interest received on bank deposits | 152,465 | 291,105 |
| Payment of fatal accident cases | - | (16,600) |
| Long-term loans, net | 1,971 | 2,311 |
| Long-term deposits, net | (486) | 2,476 |
| | (8,081,787) | (12,340,850) |
| Net cash generated from / (used in) operating activities | 27,827,847 | (3,063,302) |
| Cash Flows From Investing Activities | | |
| Capital expenditure incurred | (57,188,032) | (41,051,753) |
| Subscription of share capital in subsidiary | (100) | - |
| Advance paid against issue of share capital to subsidiary | (32,000) | - |
| Proceeds from disposal of property, plant and equipment | 1,360,647 | 237,965 |
| Net cash used in investing activities | (55,859,485) | (40,813,788) |
| Cash Flows From Financing Activities | | |
| Long-term diminishing musharaka | (2,076,497) | 20,327,693 |
| Long-term financing - net | 504,117 | 5,602,069 |
| Lease Liabilities - net | 1,816 | (28,801) |
| Short-term borrowings - net | 23,050,987 | (3,640,701) |
| Security deposit from consumers | 860,652 | 797,252 |
| Net cash generated from financing activities | 22,341,075 | 23,057,512 |
| Net decrease in cash and cash equivalent | (5,690,563) | (20,819,578) |
| Cash and cash equivalents at beginning of the period | (25,835,525) | (25,487,006) |
| Cash and cash equivalents at end of the period | 16 (31,526,088) | (46,306,584) |

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

K-ELECTRIC LIMITED
NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

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 (Act 1997) to its licensed areas. KES Power Limited (the Holding Company of K-Electric) incorporated in Cayman Island, holds 66.40 percent (June 30, 2020: 66.40 percent) shares in the Company
- 1.3** As notified on the Pakistan Stock Exchange on October 28, 2016, Shanghai Electric Power Company Limited (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, June 29, 2020 and March 31, 2021 incorporating amended / additional requirements pursuant to the Securities Act, 2015 and the aforementioned regulations.

- 1.4** As part of diversification strategy of the Company, a subsidiary named KE Venture Company (Pvt) Ltd (KEVCL) was incorporated on July 30, 2020 as a private limited company under Companies Act, 2017. KEVCL would be the investment arm of the Company for diverse initiatives within the energy sector of Pakistan. As an investment vehicle its principal activity would be to ensure the Company's presence and participation in a wide range of investment opportunities in businesses beyond the utility sector.

Another subsidiary, K-Solar (Pvt) Ltd, was incorporated under KEVCL on September 18, 2020 as a private limited company under Companies Act, 2017. K-Solar would be specializing in distributed generation business which will enhance the Company's presence in the renewable energy space. The principal activity of K-Solar is to provide customers with opportunities to diversify their energy sources through high quality and affordable solutions.

- 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 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. The formation of Appellate Tribunal has been notified by the Government of Pakistan (GoP) and in this regard the Honourable 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. However, the same is yet to be made functional by the GoP. The Company also approached the High Court of Sindh (HCS) 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 HCS against MYT decision, as the Company decided to pursue its legitimate concerns / issues with Appellate Tribunal, however, reserves its right to again approach the HCS 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 nine months period ended March 31, 2021 has been based on the aforementioned MYT decision.

- 1.6** 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. During the period, 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, therefore, based on prudence, the related financial impacts have not been accounted for in these condensed interim unconsolidated financial statements.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for international financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

- 2.2** These condensed interim unconsolidated financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2020.
- 2.3** These condensed interim unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any. The condensed interim consolidated financial statements are presented separately.
- 2.4** In order to comply with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim unconsolidated statement of financial position has been compared with the balances of annual financial statements of the immediately preceding financial year, whereas, the condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cashflows have been compared with the balances of comparable period of the immediately preceding financial year.
- 2.5** These condensed interim unconsolidated financial statements are presented in Pakistan Rupee which is also the Company's functional currency.
- 2.6 New standard, amendments to accounting and reporting standards and new interpretations**

a) Amendments to published accounting and reporting standards which became effective during the period

There were certain amendments to accounting and reporting standards which became effective for the Company during the period. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim unconsolidated financial statements.

b) New standard and amendments to published accounting and reporting standards that are not yet effective

The following standard and amendments with respect to the accounting and reporting standards will be effective from the dates mentioned below against the respective standard and amendment:

| Standard or amendment | Effective date (annual periods beginning on or after) |
|---|--|
| Amendments to: | |
| - IFRS 7 - Financial instruments, | |
| - IFRS 4 - Insurance contracts; and | January 1, 2021 |
| - IFRS 16 - Leases (interest rate benchmark reform). | |
| Amendments to IAS 1, Presentation of financial statements on classification of liabilities | January 1, 2022 |
| Amendments to: | |
| - IFRS 3 - Business combinations, | |
| - IAS 16 - Property, plant and equipment, | |
| - IFRS 1 - First time adoption of International Financial Reporting Standards, | January 1, 2022 |
| - IFRS 9 - Financial instruments, | |
| - IAS 41 - Agriculture; and | |
| - IFRS 16 - Leases. | |
| IFRS 17, Insurance Contracts | January 1, 2023 |

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

2.7 Accounting estimates, judgement and financial risk management

The preparation of these condensed interim unconsolidated financial statements, in conformity with the accounting and reporting standards for interim financial reporting 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 these condensed interim unconsolidated financial statements, 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 from those which were applied to the annual audited financial statements of the Company for the year ended June 30, 2020.

The Company's financial risk management objectives and policies and the methods to determine the fair values are consistent with those disclosed in the annual financial statements for the year ended June 30, 2020.

3. ACCOUNTING POLICIES

- 3.1** The accounting policies and method of computation adopted for the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the Company's annual audited financial statements for the year ended June 30, 2020.
- 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 these condensed interim unconsolidated financial statements.
- 3.3** Taxes on income, in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

| | | (Un-Audited) March 31, 2021 | (Audited) June 30, 2020 |
|---|------|-----------------------------------|-------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 4. PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 4.1 | 280,414,965 | 285,014,103 |
| Capital work-in-progress | 4.2 | 122,925,505 | 75,849,191 |
| Right of use assets | | 135,389 | 117,567 |
| | | <u>403,475,859</u> | <u>360,980,861</u> |

4.1 Additions and disposals of operating fixed assets during the period are as follows:

| | (Un-Audited) Additions (at cost) | | (Un-Audited) Disposals (Note 4.1.1) (at net book value) | |
|---------------------------------------|---|---------------------------|--|---------------------------|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| | ----- (Rupees in '000) ----- | | | |
| Leasehold land | - | 6,219 | - | - |
| Plant and machinery | 844,755 | 1,405,785 | 6,768 | 70,109 |
| Transmission and distribution network | 8,840,195 | 17,502,687 | 231,114 | 96,993 |
| Others | 386,662 | 1,856,960 | 4,435 | 2,777 |
| | 10,071,612 | 20,771,651 | 242,317 | 169,879 |

4.1.1 The above disposals represent assets costing Rs. 1,386.773 million (March 31, 2020: Rs. 560.171 million) which were

4.2 Capital work-in-progress

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

| | Plant and machinery | Transmission gird equipments / lines | Distribution network / renewal of mains and services | Others | March 31, 2021 | June 30, 2020 |
|--|-------------------------------------|---|---|------------------|---------------------------|--------------------------|
| | ----- (Rupees in '000) ----- | | | | | |
| Opening balance | 21,781,521 | 25,749,857 | 23,054,371 | 5,263,442 | 75,849,191 | 62,224,407 |
| Additions / inter-class transfers during the period/year | 35,248,103 | 5,968,571 | 15,092,567 | 838,685 | 57,147,926 | 55,611,516 |
| | 57,029,624 | 31,718,428 | 38,146,938 | 6,102,127 | 132,997,117 | 117,835,923 |
| Transfers from CWIP | (1,070,513) | (3,664,465) | (5,333,949) | (2,686) | (10,071,612) | (41,986,732) |
| Balance as at period end | 55,959,111 | 28,053,963 | 32,812,989 | 6,099,441 | 122,925,505 | 75,849,191 |

| | | (Un-Audited) March 31, 2021 | (Audited) June 30, 2020 |
|--|-------------|--|--|
| | Note | ----- (Rupees in '000) ----- | |
| 5. TRADE DEBTS | | | |
| Considered good | | | |
| Secured – against deposits from consumers | | 5,047,744 | 5,616,216 |
| Unsecured | | 89,502,170 | 94,215,647 |
| | 5.1 | 94,549,914 | 99,831,863 |
| Considered doubtful | | 103,511,430 | 101,500,529 |
| | | 198,061,344 | 201,332,392 |
| Provision for impairment against debts considered doubtful | 5.2 | (103,511,430) | (101,500,529) |
| | | 94,549,914 | 99,831,863 |

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, if any surcharge is levied on the Company on account of delayed payments of its public sector liabilities.

As at March 31, 2021, receivable from government and autonomous bodies amounting to Rs. 52,142 million (June 2020: Rs. 49,177 million) includes unrecognised LPS of Rs. 9,021 million (June 2020: Rs. 8,202 million); which includes receivable from Karachi Water and Sewerage Board (KW&SB) amounting to Rs. 32,470 million including LPS of Rs. 4,590 million (June 2020: Rs. 32,537 million including LPS of Rs. 4,200 million) and receivable from City District Government Karachi (CDGK) amounting to Rs. 12,818 million including LPS of Rs. 1,832 million (June 2020: Rs. 10,748 million including LPS of Rs. 1,696 million).

| | | (Un-Audited) March 31, 2021 | (Audited) June 30, 2020 |
|------------|--|-----------------------------------|-------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 5.2 | Provision for impairment | | |
| | Opening balance | 101,500,529 | 96,978,188 |
| | Provision recognised during the period / year | 13,266,893 | 13,964,046 |
| | | 114,767,422 | 110,942,234 |
| | Write-off against provision during the period / year | 5.3 (11,255,992) | (9,441,705) |
| | | 103,511,430 | 101,500,529 |
| 5.3 | This includes write-off of Rs. 8,822 million (June 30, 2020: Rs. 7,492 million) to be claimed as tariff adjustment in accordance with the criteria prescribed by NEPRA as explained in note 13.2. | | |
| | | (Un-Audited) March 31, 2021 | (Audited) June 30, 2020 |
| | Note | ----- (Rupees in '000) ----- | |
| 6. | OTHER RECEIVABLES | | |
| | Considered good | | |
| | Sales tax - net | 8,475,366 | 9,272,130 |
| | Due from the Government of Pakistan (GoP) and Government of Balochistan (GoB) - net | | |
| | - Tariff adjustment | 6.1 250,312,801 | 202,455,318 |
| | - Interest receivable from GoP on demand finance liabilities | 237,173 | 237,173 |
| | | 250,549,974 | 202,692,491 |
| | Others | 83,378 | 77,733 |
| | | 259,108,718 | 212,042,354 |
| 6.1 | There is no update on the matters stated in notes 14.1 to 14.3 to the annual audited financial statements of the Company for the year ended June 30, 2020. | | |
| 7. | TAXATION - NET | | |
| | There is no significant change in the status of the tax related contingencies as disclosed in notes 42.1 and 42.2 of the annual audited financial statements of the Company for the year ended June 30, 2020. | | |
| | | (Un-Audited) March 31, 2021 | (Audited) June 30, 2020 |
| | Note | ----- (Rupees in '000) ----- | |
| 8. | LONG-TERM DIMINISHING MUSHARAKA | | |
| | KE Sukuk of Rs. 22,000 million | 5,478,129 | 8,745,935 |
| | KE Sukuk of up to Rs. 25,000 million | 8.1 24,766,160 | 23,574,851 |
| | | 30,244,289 | 32,320,786 |
| | Less: | | |
| | Current maturity shown under current liabilities | (4,400,000) | (4,400,000) |
| | | 25,844,289 | 27,920,786 |
| 8.1 | During the period, the Company received the remaining cash inflows of the Sukuk issue amounting to Rs. 1,292 million from IPO investors whereas the pre-IPO portion amounting to Rs. 23,708 million was received during the year ended June 30, 2020. The above transactions were recorded net off transaction costs. All the proceeds from the issue of Sukuk have been utilised to fund routine operational and capital expenditure requirements of the Company and to settle bridge term finance facility amounting to Rs. 20,000 million availed from Habib Bank Limited. The Sukuk carries profit at the rate of 3 months KIBOR + 1.7% with tenor 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 certain 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 condensed interim unconsolidated financial statements on the basis of substance of the transaction. | | |

| | | (Un-Audited) | (Audited) |
|--|---|------------------------------|-------------|
| | | March 31, | June 30, |
| | | 2021 | 2020 |
| | Note | ----- (Rupees in '000) ----- | |
| 9. | LONG-TERM FINANCING | | |
| | From banking companies and financial institutions - secured | | |
| Hermes financing facility | | 6,068,091 | 6,344,837 |
| Sinosure financing facility | 9.1 | 13,827,611 | 11,825,003 |
| Syndicate term finance facility | | 21,067,638 | 23,391,284 |
| Guarant Co. financing facility | | 7,674,567 | 8,009,167 |
| Salary refinance scheme | 9.2 | 1,750,000 | 1,000,000 |
| | | 50,387,907 | 50,570,291 |
| Current maturity shown under current liabilities | | (11,822,014) | (7,094,066) |
| | | 38,565,893 | 43,476,225 |
| | 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 | | 26,000 | 26,000 |
| Current maturity shown under current liabilities | | (26,000) | (26,000) |
| | | - | - |
| | | 38,565,893 | 43,476,225 |

9.1 This represents amount outstanding 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 utilised 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. During the period, through amendment to the facility agreement, amount under the facility has been enhanced to USD 157.1 million. The Company has executed cross currency swaps with commercial banks to hedge the Company's foreign currency principal payment obligations under the facility.

9.2 This includes further drawdowns amounting to Rs. 1 billion against a facility obtained from Bank Alfalah under the State Bank of Pakistan (SBP) Salary refinance scheme. The loan has been utilised during the period to finance employee payroll for the months of July, August and September 2020. The loan carries a subsidised mark-up of 0.45% per annum payable in arrears on quarterly basis and the principal amount will be settled in eight equal quarterly installments with first installment due on January 1, 2021 and ending on October 1, 2022. The facility is secured against joint pari passu hypothecation charge over current assets of the Company.

| | (Un-Audited) | (Audited) |
|---|------------------------------|--------------------|
| | March 31, | June 30, |
| | 2021 | 2020 |
| | ----- (Rupees in '000) ----- | |
| 10. TRADE AND OTHER PAYABLES | | |
| Trade Creditors | | |
| Power purchases | 209,278,436 | 166,541,185 |
| Fuel and gas | 22,573,929 | 23,125,229 |
| Others | 32,731,028 | 27,958,146 |
| | <u>264,583,393</u> | <u>217,624,560</u> |
| Accrued expenses | 5,068,272 | 3,929,817 |
| Advances / credit balances of consumers | 3,549,451 | 6,120,531 |
| Other liabilities including claw-back | 43,095,444 | 39,956,072 |
| | <u>316,296,560</u> | <u>267,630,980</u> |

| | | (Un-Audited) March 31, 2021 | (Audited) June 30, 2020 |
|---|---|-----------------------------------|-------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 11. SHORT-TERM BORROWINGS | | | |
| From banking companies | | | |
| Bills payable | | 21,800,511 | 23,113,810 |
| Short term running finances | | 33,518,949 | 28,924,338 |
| Bridge term finance facility - 2 | | - | 3,400,000 |
| Bridge term finance facilities - 900MW | 11.1 | 28,310,000 | - |
| | | <u>83,629,460</u> | <u>55,438,148</u> |
| From others | | | |
| KES Power Limited - Holding Company - unsecured | | - | 17,598 |
| Islamic Commercial Papers | | 16,560,505 | 17,088,621 |
| | | <u>100,189,965</u> | <u>72,544,367</u> |
| 11.1 | These represent drawdown under bridge term finance facilities of Rs. 20 billion and Rs. 8.3 billion entered into on July 29, 2020 and September 28, 2020 respectively with syndicate of local commercial banks for partially funding BQPS-III combined cycle power plant and associated transmission projects of the Company. The facilities carry mark-up at 3-month KIBOR + 2% per annum, payable in quarterly instalments. The settlement of these facilities is planned through the proceeds of long-term financing. The facilities are secured by way of first pari-passu hypothecation charge over specific fixed assets, specific collections and lien over certain accounts. | | |
| 12. CONTINGENCIES AND COMMITMENTS | | | |
| 12.1 Contingencies | | | |
| 12.1.1 | There has been no significant change in the status of contingencies as disclosed in notes 32.1.1 to 32.1.6 to the annual audited financial statements of the Company for the year ended June 30, 2020 except for the matter stated in the note 12.1.2. | | |
| 12.1.2 | Further to the matter stated in note 32.1.5 to the annual audited financial statements of the Company for the year ended June 30, 2020, during the period, the Supreme Court of Pakistan (the SCP) vide its decision dated August 13, 2020, has dismissed all the petitions and related appeals in the matter of Gas Infrastructure Development Cess (GIDC) and declared GIDC Act 2015 to be valid, being within the legislative competence of the Parliament of Pakistan. Further, under the aforementioned decision, the companies responsible under the GIDC Act 2015, to collect the GIDC were directed to recover all arrears of GIDC due but not recovered upto July 31, 2020, in 24 equal monthly instalments starting from August 1, 2020, without the component of late payment surcharge. | | |
| | The Company filed a review petition against the aforementioned decision of SCP. However, the SCP vide its order dated November 2, 2020 dismissed all the review petitions filed against its decision of August 13, 2020. However the instalments were increased to 48 from 24. | | |
| | In respect of this matter, the Company also filed a suit before the High Court of Sindh (HCS) and obtained a stay order dated October 6, 2020 whereby, the HCS has restrained Sui Southern Gas Company Limited (SSGC) and the GOP from taking any coercive action for non-payment of instalments of GIDC arrears, on the grounds amongst others that the Company falls within the category of gas consumers who have not accrued the GIDC in their books and have neither recovered nor passed it on to their consumers through addition in the cost / tariff of electricity. The stay granted by the HCS is still valid and operational. | | |
| | The Company, based on the views of its legal counsel, is of the opinion that the Company in its suit before the HCS has raised substantive grounds for review by the HCS and that the suit has fairly reasonable prospects of success. Accordingly, no liability and the related receivable in respect of GIDC has been recognised in these condensed interim unconsolidated financial statements. However, if the eventual outcome of this suit filed before the HCS 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. | | |
| 12.2 Claims not acknowledged as debts | | | |
| 12.2.1 | Claims not acknowledged as debts as disclosed in notes 32.2 to the annual financial statements of the Company for the year ended June 30, 2020 remain substantially unchanged except for the following claims: | | |

| (Un-Audited) | (Audited) |
|-------------------------------------|-------------------------------------|
| March 31, | June 30, |
| 2021 | 2020 |
| ----- (Rupees in '000) ----- | ----- (Rupees in '000) ----- |

Outstanding dues of property tax, water charges,
custom duty, ground rent and occupancy value

9,162,450 9,652,190

12.3 Commitments

| | | | |
|--------|--|------------|------------|
| 12.3.1 | Guarantees from banks | 6,039,406 | 6,023,583 |
| 12.3.2 | Transmission projects | 8,690,548 | 1,504,765 |
| 12.3.3 | Transmission Project (TP-1000) | 3,207,305 | 6,458,225 |
| 12.3.4 | BQPS III 900 MW combined cycle power plant & associated transmission project | 23,028,809 | 53,967,541 |
| 12.3.5 | Outstanding letters of credit | 6,530,640 | 4,346,271 |
| 12.3.6 | 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.

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

| (Un-Audited) | (Audited) |
|-------------------------------------|-------------------------------------|
| March 31, | June 30, |
| 2021 | 2020 |
| ----- (Rupees in '000) ----- | ----- (Rupees in '000) ----- |

- not later than one year

329,900 279,477

- later than one year and not later than five years

552,669 445,748

(Un-Audited)

| Note | Nine Months Ended | | Quarter Ended | |
|------|------------------------------|-----------|------------------------------|-----------|
| | March 31, | March 31, | March 31, | March 31, |
| | 2021 | 2020 | 2021 | 2020 |
| | ----- (Rupees in '000) ----- | | ----- (Rupees in '000) ----- | |

| | | | | | | |
|-----|--------------------------|------|------------|------------|------------|------------|
| 13. | TARIFF ADJUSTMENT | 13.2 | 52,940,096 | 76,983,864 | 17,945,065 | 24,287,994 |
|-----|--------------------------|------|------------|------------|------------|------------|

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

13.2 Includes Rs. 8,822 million comprising dues of 36,487 customers (2020: Rs 5,544 million comprising dues of 40,498 consumers) recognized during the nine months period ended March 31, 2021 against actual write-off of bad debts under the MYT decision dated July 5, 2018 for the period from July 1, 2016 to June 30, 2023. Further, NEPRA vide its decision dated December 31, 2019 and March 10, 2021 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, June 30, 2018 and June 30, 2019 aggregating to Rs. 13,617 million, it requires further deliberation.

(Un-Audited)

| | Nine Months Ended | | Quarter Ended | |
|--|------------------------------|-----------|------------------------------|-----------|
| | March 31, | March 31, | March 31, | March 31, |
| | 2021 | 2020 | 2021 | 2020 |
| | ----- (Rupees in '000) ----- | | ----- (Rupees in '000) ----- | |

14. PURCHASE OF ELECTRICITY

| | | | | |
|--------------------------------------|------------|------------|------------|------------|
| CPPA / NTDC | 42,578,210 | 47,486,950 | 13,249,829 | 17,707,528 |
| Independent Power Producers (IPPs) | 29,547,137 | 27,670,322 | 10,320,684 | 6,218,145 |
| Karachi Nuclear Power Plant (KANUPP) | 2,126,231 | 1,912,035 | 469,300 | 1,264,922 |
| | 74,251,578 | 77,069,307 | 24,039,813 | 25,190,595 |

(Un-Audited)

| | Nine Months Ended | | Quarter Ended | |
|--|------------------------------|-------------------|------------------------------|---------------------|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| | ----- (Rupees in '000) ----- | | ----- (Rupees in '000) ----- | |
| 15. CONSUMPTION OF FUEL AND OIL | | | | |
| Natural gas | 50,575,467 | 50,570,763 | 14,992,154 | 13,492,375 |
| Furnace and other fuel / oil | 36,463,534 | 37,768,649 | 12,121,257 | 4,693,679 |
| | <u>87,039,001</u> | <u>88,339,412</u> | <u>27,113,411</u> | <u>18,186,054</u> |
| | | | (Un-Audited) | (Unaudited) |
| | | | March 31, | March 31, |
| | | | 2021 | 2020 |
| | | | ----- (Rupees in '000) ----- | |
| 16. CASH AND CASH EQUIVALENTS | | | | |
| Cash and bank balances | | | 1,992,861 | 2,186,093 |
| Short-term running finances | | | (33,518,949) | (48,492,677) |
| | | | <u>(31,526,088)</u> | <u>(46,306,584)</u> |

17. 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 significant transactions with related parties other than those disclosed elsewhere in these condensed interim unconsolidated financial statements are as follows:

| | | | (Un-Audited) | |
|---------|--|--|------------------------------|-------------------|
| | | | March 31, 2021 | March 31, 2020 |
| | | | ----- (Rupees in '000) ----- | |
| Related | Nature of transactions | | | |
| 17.1 | CPPA / NTDC | Power purchases | 42,578,210 | 47,486,950 |
| 17.2 | Pakistan State Oil Company Limited (PSO) | Purchase of fuel & other lubricants | 39,048,711 | 35,826,483 |
| 17.3 | SSGC | Purchase of gas | 50,575,467 | 50,570,763 |
| 17.4 | BYCO Petroleum Pakistan Limited | Purchase of furnace oil & other lubricants | 1,037,810 | 1,774,714 |
| 17.5 | Provident fund | Contribution to provident fund | 837,828 | 750,967 |
| 17.6 | KE Venture Capital (Pvt) Limited | Subscription of Share Capital | 100 | - |
| | | Advance paid against issue of share capital | 32,000 | - |
| | | Payment of expenses for incorporation of KEVCL | 4,090 | - |
| 17.7 | K-Solar (Pvt) Limited | Payment of expenses for incorporation of K-Solar | 4,089 | - |
| 17.7 | Key management personnel | Managerial remuneration | 349,246 | 340,402 |
| | | Other allowances and benefits | 116,514 | 145,107 |
| | | Retirement benefits | - | 44,050 |
| | | Leave encashment | 447 | 2,020 |

18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue on April 28, 2021 by the Board of Directors of the Company.

19. GENERAL

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



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2021

K-ELECTRIC LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

| | | (Un-Audited) March 31, 2021 | Audited) June 30, 2020 |
|---|------|-----------------------------------|------------------------------|
| | Note | (Rupees in '000) | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 403,475,859 | 360,980,861 |
| Intangible assets | | 185,097 | 312,822 |
| Investment property | | 3,002,138 | 3,047,856 |
| Long-term loans | | 14,558 | 16,529 |
| Long-term deposits | | 11,744 | 11,258 |
| | | 406,689,396 | 364,369,326 |
| Current assets | | | |
| Stores, spares parts and loose tools | | 16,693,946 | 12,966,222 |
| Trade debts | 5 | 94,549,914 | 99,831,863 |
| Loans and advances | | 3,050,600 | 1,806,416 |
| Deposits and short-term prepayments | | 4,131,966 | 3,595,164 |
| Other receivables | 6 | 259,108,555 | 212,042,354 |
| Taxation - net | | 293,395 | 1,080,823 |
| Derivative financial assets | | 2,513,816 | 4,632,953 |
| Cash and bank balances | | 2,025,061 | 3,088,813 |
| | | 382,367,253 | 339,044,608 |
| TOTAL ASSETS | | 789,056,649 | 703,413,934 |
| 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 | | | |
| Share premium and other reserves | | 2,009,172 | 2,009,172 |
| Surplus on revaluation of property, plant and equipment | | 55,484,814 | 59,232,336 |
| | | 57,493,986 | 61,241,508 |
| Revenue reserves | | | |
| General reserves | | 5,372,356 | 5,372,356 |
| Unappropriated profit | | 60,965,067 | 47,782,956 |
| | | 66,337,423 | 53,155,312 |
| | | 123,831,409 | 114,396,820 |
| | | 220,092,960 | 210,658,371 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long-term diminishing musharaka | 8 | 25,844,289 | 27,920,786 |
| Long-term financing | 9 | 38,565,893 | 43,476,225 |
| Lease Liabilities | | 77,575 | 97,226 |
| Long-term deposits | | 12,579,512 | 11,718,860 |
| Employee retirement benefits | | 4,623,195 | 5,262,039 |
| Deferred revenue | | 26,154,935 | 24,814,138 |
| | | 107,845,399 | 113,289,274 |
| Current liabilities | | | |
| Current maturity of long-term diminishing musharaka | 8 | 4,400,000 | 4,400,000 |
| Current maturity of long-term financing | 9 | 11,848,624 | 7,120,676 |
| Current maturity of lease liabilities | | 57,285 | 23,474 |
| Trade and other payables | 10 | 316,296,660 | 267,630,980 |
| Unclaimed dividend | | 645 | 645 |
| Accrued mark-up | | 8,658,185 | 8,314,338 |
| Short-term borrowings | 11 | 100,189,965 | 72,544,367 |
| Short-term deposits | | 19,659,426 | 19,424,309 |
| Provision | | 7,500 | 7,500 |
| | | 461,118,290 | 379,466,289 |
| TOTAL LIABILITIES | | 568,963,689 | 492,755,563 |
| TOTAL EQUITY AND LIABILITIES | | 789,056,649 | 703,413,934 |
| Contingencies and Commitments | | | |

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

K-ELECTRIC LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

| | | Nine months Ended | | Quarter Ended | |
|--|----|------------------------------|-------------------|------------------------------|-------------------|
| | | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| Note | | ----- (Rupees in '000) ----- | | ----- (Rupees in '000) ----- | |
| REVENUE | | | | | |
| Sale of energy – net | | 174,078,987 | 144,353,814 | 55,716,462 | 38,661,724 |
| Tariff adjustment | 13 | 52,940,096 | 76,983,864 | 17,945,066 | 24,287,994 |
| | | 227,019,083 | 221,337,678 | 73,661,528 | 62,949,718 |
| COST OF SALES | | | | | |
| Purchase of electricity | 14 | (74,251,578) | (77,069,307) | (24,039,813) | (25,190,595) |
| Consumption of fuel and oil | 15 | (87,039,001) | (88,339,412) | (27,113,411) | (18,186,054) |
| Expenses incurred in generation, transmission and distribution | | (19,599,281) | (18,940,928) | (6,234,211) | (6,813,864) |
| | | (180,889,860) | (184,349,647) | (57,387,435) | (50,190,513) |
| GROSS PROFIT | | 46,129,223 | 36,988,031 | 16,274,093 | 12,759,205 |
| Consumers services and administrative expenses | | (18,355,757) | (15,910,328) | (6,233,981) | (5,761,967) |
| Impairment loss against trade debts | | (13,266,893) | (7,610,937) | (6,636,632) | (1,063,078) |
| Other operating expenses | | (1,212,770) | (919,339) | (501,645) | (630,819) |
| Other income | | 7,100,947 | 6,472,435 | 3,245,152 | 852,646 |
| | | (25,734,473) | (17,968,169) | (10,127,106) | (6,603,218) |
| PROFIT BEFORE FINANCE COST | | 20,394,750 | 19,019,862 | 6,146,987 | 6,155,987 |
| Finance cost | | (8,343,381) | (12,821,139) | (2,763,672) | (4,774,104) |
| PROFIT BEFORE TAXATION | | 12,051,369 | 6,198,723 | 3,383,315 | 1,381,883 |
| Taxation | | | | | |
| - Current | | (2,616,780) | (2,198,123) | (820,406) | (584,542) |
| - Deferred | | - | (408,638) | - | - |
| | | (2,616,780) | (2,606,761) | (820,406) | (584,542) |
| NET PROFIT FOR THE PERIOD | | 9,434,589 | 3,591,962 | 2,562,909 | 797,341 |
| EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION (EBITDA) | | 35,018,910 | 33,431,088 | 10,554,652 | 11,201,058 |
| ----- (Rupees) ----- | | | | | |
| EARNING PER SHARE - BASIC AND DILUTED | | 0.34 | 0.13 | 0.09 | 0.03 |

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

K-ELECTRIC LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

| | Nine Months Ended | | Quarter Ended | |
|---------------------------|-----------------------------|-------------------|-----------------------------|-------------------|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| | ------(Rupees in '000)----- | | ------(Rupees in '000)----- | |
| Net profit for the period | 9,434,589 | 3,591,962 | 2,562,909 | 797,341 |

Other comprehensive income:

Items that may be reclassified to profit or loss

Changes in fair value of cash flow hedges
Adjustment for amounts transferred to profit or loss

Impairment recognised against revaluation surplus
Less: Taxation thereon

| | | | |
|-------------|-------------|-------------|-------------|
| (1,432,636) | 363,607 | (1,246,441) | 1,273,070 |
| 1,432,636 | (363,607) | 1,246,441 | (1,273,070) |
| - | - | - | - |
| - | (1,409,098) | - | - |
| - | 408,638 | - | - |
| - | (1,000,460) | - | - |
| - | (1,000,460) | - | - |

Total comprehensive income for the period

| | | | |
|-----------|-----------|-----------|---------|
| 9,434,589 | 2,591,502 | 2,562,909 | 797,341 |
|-----------|-----------|-----------|---------|

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

K-ELECTRIC LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

| | Issued, subscribed and paid-up capital | | | Reserves | | | | | | | | Total |
|--|--|-------------------|---------------------|------------------|----------------|---|-------------------|------------------|----------|-----------------------|-------------------|--------------------|
| | Ordinary shares | Transaction costs | Total share capital | Capital | | | Revenue | | | | | |
| | | | | Share premium | Others | Surplus on revaluation of Property, plant and equipment | Total | General reserves | Others | Unappropriated profit | Total | |
| ----- (Rupees in '000) ----- | | | | | | | | | | | | |
| Balance as at July 1, 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 income for the nine months period ended March 31, 2020 | | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | - | - | 3,591,962 | 3,591,962 | 3,591,962 |
| Other comprehensive income | - | - | - | - | - | (1,000,460) | (1,000,460) | - | - | - | - | (1,000,460) |
| | - | - | - | - | - | (1,000,460) | (1,000,460) | - | - | 3,591,962 | 3,591,962 | 2,591,502 |
| Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax | - | - | - | - | - | (4,161,814) | (4,161,814) | - | - | 4,161,814 | 4,161,814 | - |
| Balance as at March 31, 2020 | 96,653,179 | (391,628) | 96,261,551 | 1,500,000 | 509,172 | 60,718,163 | 62,727,335 | 5,372,356 | - | 52,719,722 | 58,092,078 | 217,080,964 |
| Balance as at July 1, 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 |
| Total comprehensive income for the nine months period ended March 31, 2021 | | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | - | - | 9,434,589 | 9,434,589 | 9,434,589 |
| Other comprehensive loss | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | 9,434,589 | 9,434,589 | 9,434,589 |
| Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax | - | - | - | - | - | (3,747,522) | (3,747,522) | - | - | 3,747,522 | 3,747,522 | - |
| Balance as at March 31, 2021 | 96,653,179 | (391,628) | 96,261,551 | 1,500,000 | 509,172 | 55,484,814 | 57,493,986 | 5,372,356 | - | 60,965,067 | 66,337,423 | 220,092,960 |

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

K-ELECTRIC LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

| | Nine months Period Ended | |
|---|-----------------------------|---------------------|
| | March 31, 2021 | March 31, 2020 |
| Note | ------(Rupees in '000)----- | |
| Cash Flows From Operating Activities | | |
| Profit before taxation | 12,051,369 | 6,198,723 |
| Adjustments for non-cash charges and other items: | | |
| Depreciation and amortization | 14,624,160 | 14,411,226 |
| Provision for employee retirement benefits | 741,012 | 836,948 |
| Provision for slow moving and obsolete stores, spare parts and loose tools, net | 166,674 | 200,458 |
| Provision for debts considered doubtful | 13,266,893 | 8,112,598 |
| Gain on sale of property, plant and equipment | (1,118,330) | (68,086) |
| Loss on derivative financial assets | 1,432,636 | 193,326 |
| Finance cost | 8,343,381 | 12,821,139 |
| Amortization of deferred revenue | (1,619,864) | (1,486,378) |
| Return on bank deposits | (152,465) | (291,105) |
| Operating profit before working capital changes | 47,735,466 | 40,928,849 |
| Working capital changes: | | |
| (Increase) / Decrease in current assets | | |
| Stores, spare parts and loose tools | (3,894,398) | (2,642,983) |
| Trade debts | (7,984,944) | (9,399,426) |
| Loans and advances | (1,244,184) | (1,175,761) |
| Trade deposits and short term prepayments | (536,802) | 1,814,782 |
| Other receivables | (47,066,201) | (76,155,332) |
| | (60,726,529) | (87,558,720) |
| Increase in current liabilities | | |
| Trade and other payables | 48,665,672 | 52,890,706 |
| Short-term deposits | 235,117 | 3,016,713 |
| | 48,900,789 | 55,907,419 |
| Cash generated from operations | 35,909,726 | 9,277,548 |
| Employee retirement benefits paid | (1,379,848) | (421,037) |
| Income tax paid | (1,829,352) | (2,632,257) |
| Receipts in deferred revenue | 2,960,661 | 2,079,373 |
| Finance cost paid | (7,987,190) | (11,646,221) |
| Interest received on bank deposits | 152,465 | 291,105 |
| Payment of fatal accident cases | - | (16,600) |
| Long-term loans, net | 1,971 | 2,311 |
| Long-term deposits, net | (486) | 2,476 |
| | (8,081,779) | (12,340,850) |
| Net cash generated from / (used in) operating activities | 27,827,947 | (3,063,302) |
| Cash Flows From Investing Activities | | |
| Capital expenditure incurred | (57,188,032) | (41,051,753) |
| Proceeds from disposal of property, plant and equipment | 1,360,647 | 237,965 |
| Net cash used in investing activities | (55,827,385) | (40,813,788) |
| Cash Flows From Financing Activities | | |
| Long-term diminishing musharka | (2,076,497) | 20,327,693 |
| Long-term financing - net | 504,117 | 5,602,069 |
| Lease Liability - net | 1,816 | (28,801) |
| Short-term borrowings - net | 23,050,987 | (3,640,701) |
| Security deposit from consumers | 860,652 | 797,252 |
| Net cash generated from financing activities | 22,341,075 | 23,057,512 |
| Net decrease in cash and cash equivalent | (5,658,363) | (20,819,578) |
| Cash and cash equivalents at beginning of the period | (25,835,525) | (25,487,006) |
| Cash and cash equivalents at end of the period | 16 (31,493,888) | (46,306,584) |

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

K-ELECTRIC LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

1. THE COMPANY AND ITS OPERATIONS

1.1 K-Electric Limited "the Parent 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 Parent 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 (Act 1997) to its licensed areas. KES Power Limited (the Holding Company of K-Electric) incorporated in Cayman Island, holds 66.40 percent (June 30, 2020: 66.40 percent) shares in the Company

1.3 These condensed interim consolidated financial statements of K-Electric Limited for the nine months period ended March 31, 2021 comprise of the Parent Company and following subsidiary companies (here-in-after referred to as "the Group"):

| Name of subsidiary Company | Effective holding |
|-----------------------------------|--------------------------|
| KE Venture Capital (Pvt) Limited | 100% |
| K-Solar (Pvt) Limited | 100% |

1.4 As part of diversification strategy of the Parent Company, a subsidiary named KE Venture Company (Pvt) Ltd (KEVCL) was incorporated on July 30, 2020 as a private limited company under Companies Act, 2017. KEVCL would be the investment arm of the Parent Company for diverse initiatives within the energy sector of Pakistan. As an investment vehicle its principal activity would be to ensure the Parent Company's presence and participation in a wide range of investment opportunities in businesses beyond the utility sector.

Another subsidiary, K-Solar (Pvt) Ltd, was incorporated under KEVCL on September 18, 2020 as a private limited company under Companies Act, 2017. K-Solar would be specializing in distributed generation business which will enhance Parent Company's presence in the renewable energy space. The principal activity of K-Solar is to provide customers with opportunities to diversify their energy sources through high quality and affordable solutions.

1.5 As notified on the Pakistan Stock Exchange on October 28, 2016, Shanghai Electric Power Company Limited (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 Parent 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 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, June 29, 2020 and March 31, 2021 incorporating amended / additional requirements pursuant to the Securities Act, 2015 and the aforementioned regulations.

1.6 The Parent Company, being a regulated entity, is governed through Multi Year Tariff (MYT) regime. Accordingly, National Electric Power Regulatory Authority (NEPRA) determines tariff for the Parent 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 Parent 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 Parent 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 Parent 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 Parent Company filed a 'Reconsideration request' with NEPRA dated October 26, 2017 under Section 31 (4) of the 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 Parent Company after considering that the MYT decision does not consider actual equity invested into the Parent 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 Parent Company an appropriate transition period, approached the Appellate Tribunal for the relief under Section 12G of the Act 1997. The formation of Appellate Tribunal has been notified by the Government of Pakistan (GoP) and in this regard the Honourable 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. However, the same is yet to be made functional by the GoP. The Parent Company also approached the High Court of Sindh (HCS) against the aforementioned MYT decision and filed a suit in which a stay order was granted on July 26, 2018. The Parent Company, on April 3, 2019, withdrew the suit filed with HCS against MYT decision, as the Parent Company decided to pursue its legitimate concerns / issues with Appellate Tribunal, however, reserves its right to again approach the HCS if required. The Ministry of Energy (Power Division) has notified the MYT decision through SRO 576 (I) /2019 dated May 22, 2019.

The Parent Company's revenue for the nine months period ended March 31, 2021 has been based on the aforementioned MYT decision.

- 1.7** The Parent 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 Parent 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 Parent Company had requested for increase in the base tariff of Rs. 1.64/kWh effective July 1, 2016. During the period, 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 Parent 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, therefore, based on prudence, the related financial impacts have not been accounted for in these condensed interim consolidated financial statements.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for international financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

- 2.2** These condensed interim consolidated financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Parent Company for the year ended June 30, 2020.

- 2.3** In order to comply with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim consolidated statement of financial position has been compared with the balances of annual financial statements of the immediately preceding financial year, whereas, the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cashflows have been compared with the balances of comparable period of the immediately preceding financial year.

2.4 These condensed interim consolidated financial statements are presented in Pakistan Rupee which is also the Group's functional currency.

2.5 New standard, amendments to accounting and reporting standards and new interpretations

a) Amendments to published accounting and reporting standards which became effective during the period

There were certain amendments to accounting and reporting standards which became effective for the Group during the period. However, these do not have any significant impact on the Group's financial reporting and, therefore, have not been detailed in these condensed interim consolidated financial statements.

b) New standard and amendments to published accounting and reporting standards that are not yet effective

The following standard and amendments with respect to the accounting and reporting standards will be effective from the dates mentioned below against the respective standard and amendment:

| Standard or amendment | Effective date (annual periods beginning on or after) |
|---|--|
| Amendments to: | |
| - IFRS 7 - Financial instruments, | |
| - IFRS 4 - Insurance contracts; and | January 1, 2021 |
| - IFRS 16 - Leases (interest rate benchmark reform). | |
| Amendments to IAS 1, Presentation of financial statements on classification of liabilities | January 1, 2022 |
| Amendments to: | |
| - IFRS 3 - Business combinations, | |
| - IAS 16 - Property, plant and equipment, | |
| - IFRS 1 - First time adoption of International Financial Reporting Standards, | January 1, 2022 |
| - IFRS 9 - Financial instruments, | |
| - IAS 41 - Agriculture; and | |
| - IFRS 16 - Leases. | |
| IFRS 17, Insurance Contracts | January 1, 2023 |

The above standard and amendments are not expected to have any material impact on the Group's financial statements.

2.6 Accounting estimates, judgement and financial risk management

The preparation of these condensed interim consolidated financial statements, in conformity with the accounting and reporting standards for interim financial reporting requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group'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 these condensed interim consolidated financial statements, there have been no changes in the significant judgements made by management in applying the Parent Company's accounting policies and the key sources of estimation and uncertainty from those which were applied to the annual audited financial statements of the Parent Company for the year ended June 30, 2020.

The Group's financial risk management objectives and policies and the methods to determine the fair values are consistent with those disclosed in the annual financial statements of the Parent Company for the year ended June 30, 2020.

3. ACCOUNTING POLICIES

- 3.1** The accounting policies and method of computation adopted for the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the Parent Company's annual audited financial statements for the year ended June 30, 2020.
- 3.2** The Group 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 these condensed interim consolidated financial statements.
- 3.3** Taxes on income, in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

| | | (Un-Audited) March 31, 2021 | (Audited) June 30, 2020 |
|---|-----|-----------------------------------|-------------------------------|
| Note | | ----- (Rupees in '000) ----- | |
| 4. PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 4.1 | 280,414,965 | 285,014,103 |
| Capital work-in-progress | 4.2 | 122,925,505 | 75,849,191 |
| Right of use assets | | 135,389 | 117,567 |
| | | <u>403,475,859</u> | <u>360,980,861</u> |

- 4.1** Additions and disposals of operating fixed assets during the period are as follows:

| | (Un-Audited) Additions (at cost) | | (Un-Audited) Disposals (Note 4.1.1) (at net book value) | |
|---------------------------------------|--|-------------------|---|-------------------|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| | ----- (Rupees in '000) ----- | | | |
| Leasehold land | - | 6,219 | - | - |
| Plant and machinery | 844,755 | 1,405,785 | 6,768 | 70,109 |
| Transmission and distribution network | 8,840,195 | 17,502,687 | 231,114 | 96,993 |
| Others | 386,662 | 1,856,960 | 4,435 | 2,777 |
| | <u>10,071,612</u> | <u>20,771,651</u> | <u>242,317</u> | <u>169,879</u> |

- 4.1.1** The above disposals represent assets costing Rs. 1,386.773 million (March 31, 2020: Rs. 560.171 million) which were disposed-off for Rs. 1,360.647 million (March 31, 2020: Rs. 237.965 million).

4.2 Capital work-in-progress

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

| | Plant and machinery | Transmission gird equipments / lines | Distribution network / renewal of mains and services | Others | March 31, 2021 | June 30, 2020 |
|--|------------------------------|--|---|------------------|--------------------|--------------------|
| | ----- (Rupees in '000) ----- | | | | | |
| Opening balance | 21,781,521 | 25,749,857 | 23,054,371 | 5,263,442 | 75,849,191 | 62,224,407 |
| Additions / inter-class transfers during the period/year | 35,248,103 | 5,968,571 | 15,092,567 | 838,686 | 57,147,926 | 55,611,516 |
| | <u>57,029,624</u> | <u>31,718,428</u> | <u>38,146,938</u> | <u>6,102,128</u> | <u>132,997,117</u> | <u>117,835,923</u> |
| Transfers from CWIP | (1,070,513) | (3,664,465) | (5,333,949) | (2,686) | (10,071,612) | (41,986,732) |
| Balance as at period end | <u>55,959,111</u> | <u>28,053,963</u> | <u>32,812,988</u> | <u>6,099,442</u> | <u>122,925,505</u> | <u>75,849,191</u> |

| | | (Un-Audited) March 31, 2021 | (Audited) June 30, 2020 |
|---|------|-----------------------------------|-------------------------------|
| | Note | ----- (Rupees in '000) ----- | ----- (Rupees in '000) ----- |
| 5. TRADE DEBTS | | | |
| Considered good | | | |
| Secured – against deposits from consumers | | 5,047,744 | 5,616,216 |
| Unsecured | | 89,502,170 | 94,215,647 |
| | 5.1 | 94,549,914 | 99,831,863 |
| Considered doubtful | | 103,511,430 | 101,500,529 |
| | | 198,061,344 | 201,332,392 |
| Provision for impairment against debts considered doubtful | 5.2 | (103,511,430) | (101,500,529) |
| | | 94,549,914 | 99,831,863 |

- 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 Parent 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 March 31, 2021, receivable from government and autonomous bodies amounting to Rs. 52,142 million (June 2020: Rs. 49,177 million) includes unrecognised LPS of Rs. 9,021 million (June 2020: Rs. 8,202 million); which includes receivable from Karachi Water and Sewerage Board (KW&SB) amounting to Rs. 32,470 million including LPS of Rs. 4,590 million (June 2020: Rs. 32,537 million including LPS of Rs. 4,200 million) and receivable from City District Government Karachi (CDGK) amounting to Rs. 12,818 million including LPS of Rs. 1,832 million (June 2020: Rs. 10,748 million including LPS of Rs. 1,696 million).

| | | (Un-Audited) March 31, 2021 | (Audited) June 30, 2020 |
|--|------|-----------------------------------|-------------------------------|
| | Note | ----- (Rupees in '000) ----- | ----- (Rupees in '000) ----- |
| 5.2 Provision for impairment | | | |
| Opening balance | | 101,500,529 | 96,978,188 |
| Provision recognised during the period / year | | 13,266,893 | 13,964,046 |
| | | 114,767,422 | 110,942,234 |
| Write-off against provision during the period / year | 5.3 | (11,255,992) | (9,441,705) |
| | | 103,511,430 | 101,500,529 |

- 5.3** This includes write-off of Rs. 8,822 million (June 30, 2020: Rs. 7,492 million) to be claimed as tariff adjustment in accordance with the criteria prescribed by NEPRA as explained in note 13.2.

| | | (Un-Audited) March 31, 2021 | (Audited) June 30, 2020 |
|--|--|-----------------------------------|-------------------------------|
| | | ----- (Rupees in '000) ----- | ----- (Rupees in '000) ----- |
| 6. OTHER RECEIVABLES | | | |
| Considered good | | | |
| Sales tax - net | | 8,475,366 | 9,272,130 |
| Due from the Government of Pakistan (GoP) and Government of Balochistan (GoB) - net | | | |
| - Tariff adjustment | | 250,312,801 | 202,455,318 |
| - Interest receivable from GoP on demand finance liabilities | | 237,173 | 237,173 |
| | | 250,549,974 | 202,692,491 |
| Others | | 83,215 | 77,733 |
| | | 259,108,555 | 212,042,354 |

- 6.1 There is no update on the matters stated in notes 14.1 to 14.3 to the annual audited financial statements of the Parent Company for the year ended June 30, 2020.

7. TAXATION - NET

There is no significant change in the status of the tax related contingencies as disclosed in notes 42.1 and 42.2 of the the annual audited financial statements of the Parent Company for the year ended June 30, 2020.

| | | (Un-Audited) | (Audited) |
|--|-----|------------------------------|--------------------|
| | | March 31, | June 30, |
| | | 2021 | 2020 |
| Note | | ----- (Rupees in '000) ----- | |
| 8. LONG-TERM DIMINISHING MUSHARAKA | | | |
| KE Sukuk of Rs. 22,000 million | | 5,478,129 | 8,745,935 |
| KE Sukuk of up to Rs. 25,000 million | 8.1 | 24,766,160 | 23,574,851 |
| | | <u>30,244,289</u> | <u>32,320,786</u> |
| Less: | | | |
| Current maturity shown under current liabilities | | <u>(4,400,000)</u> | <u>(4,400,000)</u> |
| | | <u>25,844,289</u> | <u>27,920,786</u> |

- 8.1 During the period, the Parent Company received the remaining cash inflows of the Sukuk issue amounting to Rs. 1,292 million from IPO investors whereas the pre-IPO portion amounting to Rs. 23,708 million was received during the year ended June 30, 2020. The above transactions were recorded net off transaction costs. All the proceeds from the issue of Sukuk have been utilised to fund routine operational and capital expenditure requirements of the Parent Company and to settle bridge term finance facility amounting to Rs. 20,000 million availed from Habib Bank Limited. The Sukuk carries profit at the rate of 3 months KIBOR + 1.7% with tenor of seven years from the issue date. The Parent 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 Parent Company sold the beneficial ownership of the musharaka assets i.e. fixed assets located at certain Grid Stations (excluding any immovable properties) to the investment agent (for the benefit of Sukuk holders), although legal title remains with the Parent Company. The overall arrangement has been accounted for in these condensed interim consolidated financial statements on the basis of substance of the transaction.

| | | (Un-Audited) | (Audited) |
|--|-----|------------------------------|--------------------|
| | | March 31, | June 30, |
| | | 2021 | 2020 |
| Note | | ----- (Rupees in '000) ----- | |
| 9. LONG-TERM FINANCING | | | |
| From banking companies and financial institutions - secured | | | |
| Hermes financing facility | | 6,068,091 | 6,344,837 |
| Sinosure financing facility | 9.1 | 13,827,611 | 11,825,003 |
| Syndicate Term Finance facility | | 21,067,638 | 23,391,284 |
| GuarantCo. financing facility | | 7,674,567 | 8,009,167 |
| Salary refinance scheme | 9.2 | <u>1,750,000</u> | <u>1,000,000</u> |
| | | <u>50,387,907</u> | <u>50,570,291</u> |
| Current maturity shown under current liabilities | | <u>(11,822,014)</u> | <u>(7,094,066)</u> |
| | | <u>38,565,893</u> | <u>43,476,225</u> |
| Others - Secured | | | |
| Due to oil and gas companies | | 610 | 610 |
| Current maturity shown under current liabilities | | <u>(610)</u> | <u>(610)</u> |
| | | - | - |
| Unsecured | | | |
| GoP loan for the electrification of Hub area | | 26,000 | 26,000 |
| Current maturity shown under current liabilities | | <u>(26,000)</u> | <u>(26,000)</u> |
| | | - | - |
| | | <u>38,565,893</u> | <u>43,476,225</u> |

9.1 This represents amount outstanding under Sinasure supported facility agreement entered into on December 22, 2015 amounting to USD 91.5 million, with a syndicate of foreign commercial lenders by the Parent Company. The loan is being utilised 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 instalments which commenced from March 16, 2019 with final repayment due on December 16, 2025. During the period, through amendment to the facility agreement, amount under the facility has been enhanced to USD 157.1 million. The Parent Company has executed cross currency swaps with commercial banks to hedge the Parent Company's foreign currency principal payment obligations under the facility.

9.2 This includes further drawdowns amounting to Rs. 1 billion against a facility obtained from Bank Alfalah under the State Bank of Pakistan (SBP) Salary refinance scheme by the Parent Company. The loan has been utilised during the period to finance employee payroll for the months of July, August and September 2020. The loan carries a subsidised mark-up of 0.45% per annum payable in arrears on quarterly basis and the principal amount will be settled in eight equal quarterly instalments with first instalment due on January 1, 2021 and ending on October 1, 2022. The facility is secured against joint pari passu hypothecation charge over current assets of the Parent Company.

| | | (Un-Audited) March 31, 2021 | (Audited) June 30, 2020 |
|---|------|-----------------------------------|-------------------------------|
| | | ----- (Rupees in '000) ----- | |
| 10. TRADE AND OTHER PAYABLES | | | |
| Trade Creditors | | | |
| Power purchases | | 209,278,436 | 166,541,185 |
| Fuel and gas | | 22,573,929 | 23,125,229 |
| Others | | 32,835,707 | 27,958,146 |
| | | <u>264,688,072</u> | <u>217,624,560</u> |
| Accrued expenses | | 5,068,272 | 3,929,817 |
| Advances / Credit balances of consumers | | 3,549,451 | 6,120,531 |
| Other liabilities including claw-back | | 42,990,865 | 39,956,072 |
| | | <u>316,296,660</u> | <u>267,630,980</u> |
| | | (Un-Audited) March 31, 2021 | (Audited) June 30, 2020 |
| | | ----- (Rupees in '000) ----- | |
| 11. SHORT-TERM BORROWINGS | | | |
| From banking companies | | | |
| Bills payable | | 21,800,511 | 23,113,810 |
| Short term running finances | | 33,518,949 | 28,924,338 |
| Bridge term finance facility - 2 | | - | 3,400,000 |
| Bridge term finance facilities - 900MW | 11.1 | <u>28,310,000</u> | - |
| | | 83,629,460 | 55,438,148 |
| From others | | | |
| KES Power Limited - Holding Company - unsecured | | - | 17,598 |
| Islamic Commercial Papers | | 16,560,505 | 17,088,621 |
| | | <u>100,189,965</u> | <u>72,544,367</u> |

11.1 These represent drawdown under bridge term finance facilities of Rs. 20 billion and Rs. 8.3 billion entered into on July 29, 2020 and September 28, 2020 respectively with syndicate of local commercial banks for partially funding BQPS-III combined cycle power plant and associated transmission projects of the Parent Company. The facilities carry mark-up at 3-month KIBOR + 2% per annum, payable in quarterly instalments. The settlement of these facilities is planned through the proceeds of long-term financing. The facilities are secured by way of first pari-passu hypothecation charge over specific fixed assets, specific collections and lien over certain accounts.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 There has been no significant change in the status of contingencies as disclosed in notes 32.1.1 to 32.1.6 to the annual audited financial statements of the Parent Company for the year ended June 30, 2020 except for the matter stated in the note 12.1.2.

12.1.2 Further to the matter stated in note 32.1.5 to the annual audited financial statements of the Parent Company for the year ended June 30, 2020, during the period, the Supreme Court of Pakistan (the SCP) vide its decision dated August 13, 2020, has dismissed all the petitions and related appeals in the matter of Gas Infrastructure Development Cess (GIDC) and declared GIDC Act 2015 to be valid, being within the legislative competence of the Parliament of Pakistan. Further, under the aforementioned decision, the companies responsible under the GIDC Act 2015, to collect the GIDC were directed to recover all arrears of GIDC due but not recovered upto July 31, 2020, in 24 equal monthly instalments starting from August 1, 2020, without the component of late payment surcharge.

The Parent Company filed a review petition against the aforementioned decision of SCP. However, the SCP vide its order dated November 2, 2020 dismissed all the review petitions filed against its decision of August 13, 2020. However the instalments were increased to 48 from 24.

In respect of this matter, the Parent Company also filed a suit before the High Court of Sindh (HCS) and obtained a stay order dated October 6, 2020 whereby, the HCS has restrained Sui Southern Gas Company Limited (SSGC) and the GOP from taking any coercive action for non-payment of instalments of GIDC arrears, on the grounds amongst others that the Company falls within the category of gas consumers who have not accrued the GIDC in their books and have neither recovered nor passed it on to their consumers through addition in the cost / tariff of electricity. The stay granted by the HCS is still valid and operational.

The Parent Company, based on the views of its legal counsel, is of the opinion that the Parent Company in its suit before the HCS has raised substantive grounds for review by the HCS and that the suit has fairly reasonable prospects of success. Accordingly, no liability and the related receivable in respect of GIDC has been recognised in these condensed interim financial statements. However, if the eventual outcome of this suit filed before the HCS 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.

12.2 Claims not acknowledged as debts

12.2.1 Claims not acknowledged as debts as disclosed in notes 32.2 to the annual financial statements of the Parent Company for the year ended June 30, 2020 remain substantially unchanged except for the following claims:

| | (Un-Audited) March 31, 2021 | (Audited) June 30, 2020 |
|--|-----------------------------------|-------------------------------|
| | ----- (Rupees in '000) ----- | |
| Outstanding dues of property tax, water charges, custom duty, ground rent and occupancy value | 9,162,450 | 9,652,190 |

12.3 Commitments

| | | | |
|---------------|---|------------|------------|
| 12.3.1 | Guarantees from banks | 6,039,406 | 6,023,583 |
| 12.3.2 | Transmission projects | 8,690,548 | 1,504,765 |
| 12.3.3 | Transmission Project (TP-1000) | 3,207,305 | 6,458,225 |
| 12.3.4 | BQPS III 900 MW combined cycle power plant & associated transmission project | 23,028,809 | 53,967,541 |
| 12.3.5 | Outstanding letters of credit | 6,530,640 | 4,346,271 |
| 12.3.6 | Dividend on preference shares | 1,119,453 | 1,119,453 |

The Parent 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.

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

| | (Un-Audited) March 31, 2021 ----- (Rupees in '000) ----- | (Audited) June 30, 2020 |
|---|---|-------------------------------|
| - not later than one year | 329,900 | 279,477 |
| - later than one year and not later than five years | 552,669 | 445,748 |

| | | (Un-Audited) | | | |
|------------------------------|--|---|-------------------|---|-------------------|
| | | Nine Months Ended | | Quarter Ended | |
| | | March 31, 2021 ----- (Rupees in '000) ----- | March 31, 2020 | March 31, 2021 ----- (Rupees in '000) ----- | March 31, 2020 |
| Note | | | | | |
| 13. TARIFF ADJUSTMENT | 13.2 | 52,940,096 | 76,983,864 | 17,945,065 | 24,287,994 |
| 13.1 | This represents tariff differential subsidy claim for variation in fuel prices, cost of power purchases, operation and maintenance cost, being adjustments required as per NEPRA's MYT decision and those resulting in adjustment of tariff due from Government. | | | | |
| 13.2 | Includes Rs. 8,822 million comprising dues of 36,487 customers (2020: Rs 5,544 million comprising dues of 40,498 consumers) recognized during the nine months period ended March 31, 2021 against actual write-off of bad debts under the MYT decision dated July 5, 2018 for the period from July 1, 2016 to June 30, 2023. Further, NEPRA vide its decision dated December 31, 2019 and March 10, 2021 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, June 30, 2018 and June 30, 2019 aggregating to Rs. 13,617 million, it requires further deliberation. | | | | |

| | | (Un-Audited) | | | |
|--|--|---|-------------------|---|-------------------|
| | | Nine Months Ended | | Quarter Ended | |
| | | March 31, 2021 ----- (Rupees in '000) ----- | March 31, 2020 | March 31, 2021 ----- (Rupees in '000) ----- | March 31, 2020 |
| 14. PURCHASE OF ELECTRICITY | | | | | |
| CPPA / NTDC | | 42,578,210 | 47,486,950 | 13,249,829 | 17,707,528 |
| Independent Power Producers (IPPs) | | 29,547,137 | 27,670,322 | 10,320,684 | 6,218,145 |
| Karachi Nuclear Power Plant (KANUPP) | | 2,126,231 | 1,912,035 | 469,300 | 1,264,922 |
| | | 74,251,578 | 77,069,307 | 24,039,813 | 25,190,595 |
| 15. CONSUMPTION OF FUEL AND OIL | | | | | |
| Natural gas | | 50,575,467 | 50,570,763 | 14,992,154 | 13,492,375 |
| Furnace and other fuel / oil | | 36,463,534 | 37,768,649 | 12,121,257 | 4,693,679 |
| | | 87,039,001 | 88,339,412 | 27,113,411 | 18,186,054 |

| | | (Un-Audited) March 31, 2021 ----- (Rupees in '000) ----- | (Un-Audited) March 31, 2020 |
|--------------------------------------|--|---|-----------------------------------|
| 16. CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | | 2,025,061 | 2,186,093 |
| Short-term running finances | | (33,518,949) | (48,492,677) |
| | | (31,493,888) | (46,306,584) |

17. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise of associated companies, state-controlled entities, staff retirement benefit plans and the Group's directors and key management personnel. Details of significant transactions with related parties other than those disclosed elsewhere in these condensed interim consolidated financial statements are as follows:

| | Related party | Nature of transactions | (Un-Audited) | |
|------|--|--|------------------------------|-------------------|
| | | | March 31, 2021 | March 31, 2020 |
| | | | ----- (Rupees in '000) ----- | |
| 17.1 | CPPA / NTDC | Power purchases | 42,578,210 | 47,486,950 |
| 17.2 | Pakistan State Oil Company Limited (PSO) | Purchase of furnace oil & other lubricants | 39,048,711 | 35,826,483 |
| 17.3 | SSGC | Purchase of gas | 50,575,467 | 50,570,763 |
| 17.4 | BYCO Petroleum Pakistan Limited | Purchase of furnace oil & other lubricants | 1,037,810 | 1,774,714 |
| 17.5 | Provident fund | Contribution to provident fund | 837,828 | 750,967 |
| 17.6 | Key management personnel | Managerial remuneration | 349,246 | 340,402 |
| | | Other allowances and benefits | 116,514 | 145,107 |
| | | Retirement benefits | - | 44,050 |
| | | Leave encashment | 447 | 2,020 |

18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on April 28, 2021 by the Board of Directors of the Group.

19. GENERAL

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



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer



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