THE FUTURE IS NOW

ANNUAL REPORT 2021

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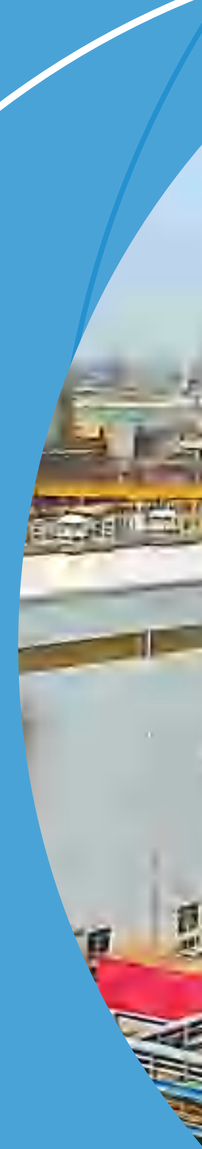
CORPORATE
OVERVIEW



About the Report

Given the longer maturity horizons of power projects, investments and decisions made today will benefit customers in the long-run through reliable, safe and clean electricity. Our Annual Report 2021, under the theme “The Future Is Now”, provides a comprehensive overview of KE's financial and operational performance during the reporting period whilst highlighting the initiatives including the ones that are already underway to prepare KE for the evolving sector landscape and contribute to Karachi's growth and prosperity. These include aggressive investments in both human and operational capacity enhancements as well as advancing KE's digital roadmap. KE's flagship 900 MW RLNG-fired power plant is progressing on a fast-track basis and will have a key role to play in the supply of clean, reliable and affordable power to Karachi and its adjoining areas.

In this Annual Report, K-Electric has strived to meet the criteria as set by the International Integrated Reporting Framework and this report covers KE's external & internal environment, business lines, value created for its customers, future strategy, risk management and corporate governance framework. To present a more detailed picture of the Company, the report also incorporates information pertaining to its Corporate Social Responsibility, health, and safety programs. KE's commitment to a green and clean environment is visible in its efforts to increase green spaces as well as create awareness around energy. This year, as we recover from the economic and social impact of the global pandemic that challenged the world, KE has strived to support Karachi in combatting Covid-19, as well as undertake other community building projects.

The online version of this report is available on our website and may be accessed through the following link: https://www.ke.com.pk/coporate/financial-data/

We wish you a pleasant read.

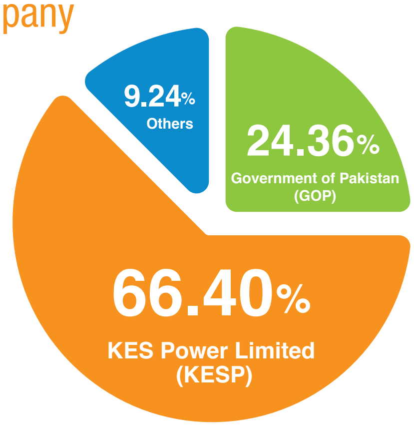
Company Profile

K-Electric Limited was established on September 13, 1913 to meet the power needs of Karachi. With over one hundred years of powering Karachi under its belt, the last 16 years have been the advent of a new age for Karachi, its surrounding areas and the organisation itself.

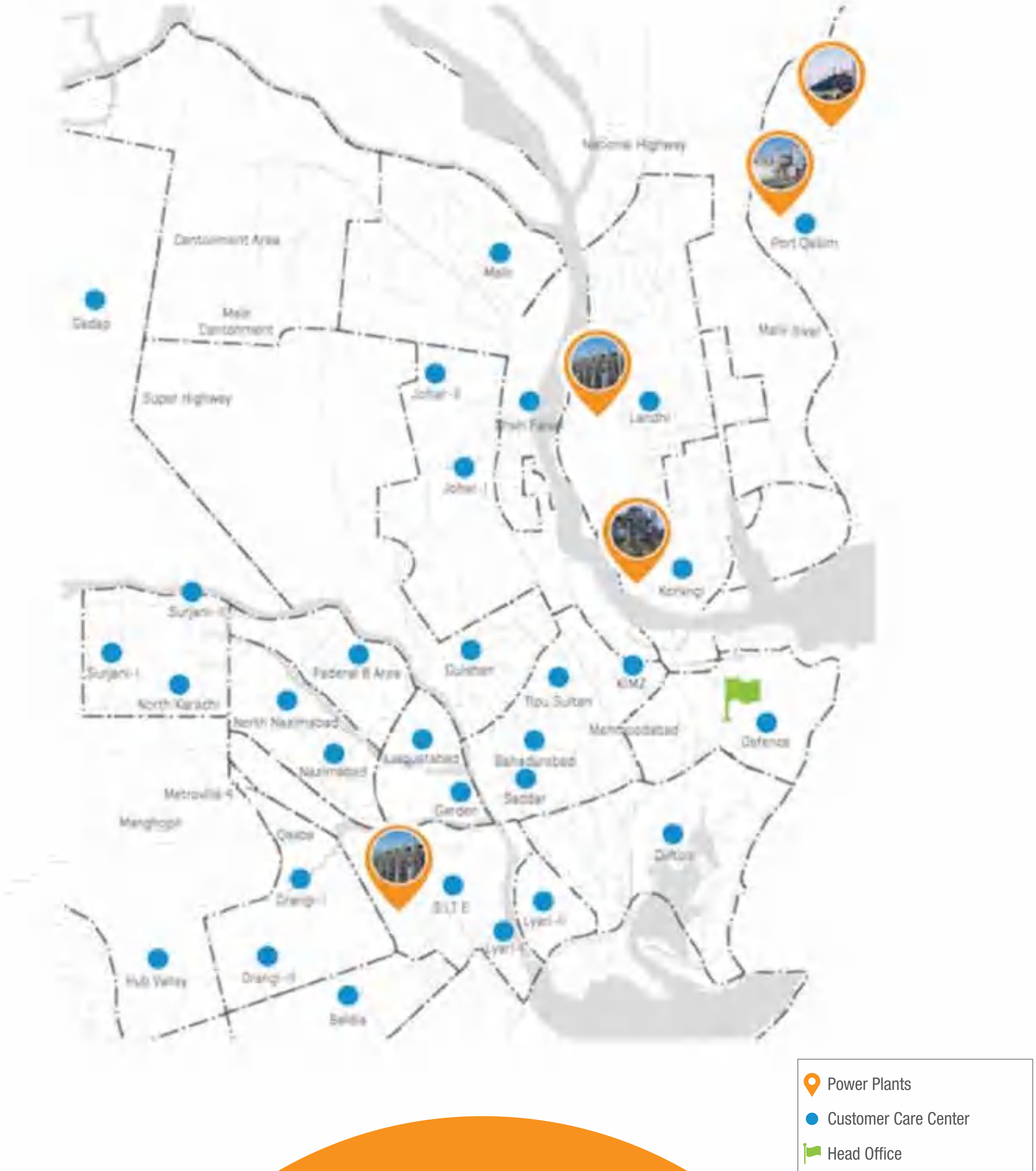
With a focus on value creation for its customers, new strategies were introduced at every level, including environment, social, and governance policies. As a result, the organisation posted a profit for the first time in 17 years in FY 2011-12, and was rebranded under its current name of K-Electric (KE) in 2014. As of today, over 75% of KE's service territory is load-shed free, with 100% exemption to industries. Transmission and Distribution losses have decreased by 16.7% points between 2005 and 2021.

With various investments planned across its business segments, KE is poised to continue its journey of growing with the city it serves. With an eye on the future, KE aims to become a regional leader among utilities and an example of global excellence in energy provision and management.

Holding Structure of the Company



With five power plants and 30 Integrated Business Centres (IBC) along with planned investments of around USD 1 billion for the next two years, KE's vision is to bring Karachi into a power surplus position, thereby enabling the city's prosperity and the national economy's growth.


National Highway
Cantonment Area
Malir Cantonment
Gadap
Super Highway
Malir
Port Qasim
Malir River
Johar-II
Shah Faisal
Landhi
Johar-I
Korangi
Surjani-II
Surjani-I
North Karachi
Federal B Area
Gulshan
Tipu Sultan
KIMZ
Mehmoodabad
Defence
North Nazimabad
Nazimabad
Liaquatabad
Bahadurabad
Saddar
Garden
Metroville-4
Manghopir
Qasba
Clifton
Orangi-I
SITE
Lyari-II
Lyari-I
Hub Valley
Orangi-II
Baldia
Power Plants
Customer Care Center
Head Office

Company Information As at September 10, 2021

Board of Directors (BOD)

Shan A. Ashary	Chairman
Syed Moonis Abdullah Alvi	Chief Executive Officer
Adeeb Ahmad	
Asad Ali Shah	
Ch. Khaqan Saadullah Khan	
Dr Ahmed Mujtaba Memon	
Jamil Akbar	
Khalid Rafi	
Mubasher H. Sheikh	
Naveed Ismail	
Ruhail Muhammad	
Sadia Khuram	
Waseem Mukhtar	

Board Audit Committee (BAC)

Khalid Rafi	Chairman
Ch. Khaqan Saadullah Khan	Member
Asad Ali Shah	Member
Mubasher H. Sheikh	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 & Projects 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
Asad Ali Shah	Member
Ch. Khaqan Saadullah Khan	Member
Syed Moonis Abdullah Alvi, CEO	Member

Chief Financial Officer
Muhammad Aamir Ghaziani

Chief Risk Officer & Company Secretary
Rizwan Pesnani

Chief Internal Auditor
Asif Raza

Legal Advisor
Messrs Abid S. Zuberi & Co.

External Auditor for FY 2021
Messrs A.F. Ferguson & Co.

Share Registrar
CDC Share Registrar Services Limited (CDCSRSL)
CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.
Telephone: 111-111-500

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

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

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UAN: 111-537-211

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KE's flagship 900 MW RLNG-fired power plant nearing completion.
At around 60% operating efficiency, the plant will have one of highest fleet efficiencies of all power plants in Pakistan and will reduce power costs.

Chairman's Message & Review

FY 2021 may be remembered as a year of resilience and recovery in the face of Covid-19's volatility and challenges. Pakistan's economy strengthened on the back of industrial revival and the proactive policies implemented by the Federal & Provincial Governments to mitigate the pandemic impacts. The provisional GDP growth rate for FY 2021 is estimated at 3.94 per cent, higher than the targeted growth of 2.1 per cent. Similarly the Large-Scale Manufacturing (LSM) segment showed a rebound with the first nine months of FY 2021 recording highest period-wise growth of 8.99 % since FY 2007. During the year, the State Bank's existing monetary policy also supported the economic recovery with well-anchored inflation expectations and financial stability. This growth is certainly being reflected in the demand for utility services and creates an impetus for KE to implement an aggressive investment program on fast-tracked basis.

During the year, KE continued its investment strategies, with the 900 MW Bin Qasim Power Station-III undergoing fast progress. On the back of economic recovery, I am pleased to share that KE's performance has also rebounded, with a 35% increase in gross profitability, and a return to net profit of PKR 11.9 billion. I would like to commend KE's management and teams for their committed efforts in driving the operational initiatives that have reaped these financial results.

While circular debt, which stands at around 5% of the GDP, is one of the key concerns affecting the power sector, it is extremely encouraging to see the Federal Government's medium and long-term initiatives already in the pipeline to settle this issue. K-Electric's financial viability too has been impacted by ballooning outstanding payments due from various government entities, however we remain optimistic that recent efforts by the Federal Government will remove these long-standing bottlenecks to enable sustained investments, necessary in pursuit of organisation's long-term strategic goals.

During the year, the Board continued its efforts to ensure adherence to KE's governance framework and fortify a culture of strong commitment and compliance with the best corporate governance and prudent utility practices. The KE Board's compliance with the Code of Corporate Governance Regulations, 2019 was successfully validated through an external board evaluation by the Pakistan Institute of Corporate Governance (PICG) which highlighted the strengths and capabilities of the Board, its committees, and individual Directors. I would like to express my appreciation for the support of all members which enabled the Board to discharge its fiduciary responsibilities effectively.

On behalf of the Board, I wish to express our sincere gratitude to KE's shareholders who remain a source of strength and have supported the Company's progress and milestones. We would also like to acknowledge the direction and statutory support from the Federal Government, Provincial Government and Regulatory Bodies which have enabled KE's performance. At the same time, I also commend KE's management and teams for their exemplary dedication to serving Karachi under unpredictable and challenging circumstances.

Shan A. Ashary
Chairman, KE

September 10, 2021
Karachi

CEO's Message

For nearly one hundred and ten years, K-Electric (KE) has powered Karachi, Pakistan's economic hub. Driven by industrialisation and economic migration, this vibrant city is growing faster than the rest of the country, – resultantly, today we are serving around 3.2 million customers whilst continuing to invest aggressively in strengthening the electricity value chain so as to power Karachi's prosperity and growth into the future.

On the back of Covid-19, the Company faced unique challenges and changes in the way customers chose to interact with us. The "new normal" has solidified our resolve to accelerate our digitisation and automation journey, and underpins recent technological developments including: WhatsApp Customer Care, helpline support for the elderly and specially abled persons, wider online payment solutions, increased network transparency and management through GIS mapping intelligence and Automated Metering Infrastructure (AMI) deployment. Alhamdulillah, I am pleased to share that KE has not only led the way for the entire power sector with the above initiatives but is also sharing its learnings with other DISCOs to uplift sectoral performance.

With economic recovery, Alhamdulillah, KE's financial performance has also shown improvement with a return to profitability. Since privatisation, our investments have touched over USD 3.8 billion across the power value chain and around USD 1 billion has been earmarked for enhancements across generation, transmission, and distribution over the next two years. Where NEPRA has approved an investment of PKR 299 billion for the period between FY 2017 and 2023, our own plans envisage investments of around PKR 440 billion (subject to regulatory approval) to bolster Karachi's burgeoning power needs.

Our flagship 900 MW RLNG-fired power project (BQPS-III) is under construction. Insha'Allah, the first 450 MW unit should be commissioned by the second quarter of FY 2022. At around 60% operating efficiency, the plant will have one of the highest efficiencies of all power plants in Pakistan and will reduce power costs. The Government of Pakistan (GOP) approved the supply of 150 MMCFD RLNG to KE's Bin Qasim Complex and in August 2021, the first-of-its-kind Gas Supply Agreement (GSA) was signed between Pakistan LNG Ltd (PLL) and KE.

To serve the growing power demand, in line with GOP directives, KE is also pursuing additional off-take from the National Grid, which with the completion of planned projects for new grids and interconnection points will take the total off-take from National Grid to 2,050 MW. Principle approval has been attained and contractual modalities are currently in the finalisation stage.

During the year, rehabilitation works on the KDA-Jamshoro circuit and implementation of cross-trip scheme was completed, which enabled KE to off-take additional power of 450-600 MW from the National Grid. To enable off-take of further additional power from the National Grid, construction works on the 220 kV Dhabeji grid and interconnection point have also begun while construction on the 500 kV KKI grid and interconnection points will follow.

Our investments in safety also continued unabated during the year. Over 266,000 kg of “kunda” connections were removed from different high-theft pockets in conjunction with Sarbulandi-driven social uplift efforts and New Connection deployments. Further, targeted initiatives were taken to strengthen distribution network resilience in areas vulnerable to water ingress, borne out of the lessons from the 2020 monsoon season. Around 22 substations and allied infrastructure have been elevated and 113 substations have been renovated. Phase-I currently stands at 98% completion with project conclusion expected by the second quarter of FY 2022. While Covid-19 has constrained some of KE’s traditional modes of customer engagement, we continue to explore alternate routes to get closer to our customers. In this regard, we are not only broadening our digital customer touch-points but also setting up nano-customer facilitation centres located in the heart of the communities we serve. Project Sarbulandi, our flagship initiative for reducing power theft and empowering economically vulnerable customer groups, has benefited over five million lives since inception, by reducing load-shedding durations by up to 4 hours on average across 11 high-loss service areas.

During the year, KE also launched K-Solar, a subsidiary that serves industrial, commercial, and residential customer segments with improved access and latest technologies in solar energy. As the power industry progresses towards a competitive market structure, KE remains focused on strengthening its competitive advantage in preparation for the “open-sky” regime. “Paish Qadam” is an organisational transformation program which future-proofs the Company by driving a culture of operational excellence underpinned by speed, agility and customer-centricity.

KE has been promoting the vision of #CovidFreePakistan through its customer-facing touch-points by encouraging both vaccination and social-distancing SOPs. During the year, we also partnered with the Government of Sindh (GoS) to establish two vaccination centres for KE employees, associates and their families. We are grateful for the GoS’ provision of vaccinations that enabled us, an essential services provider, to continue our work unhindered.

Diversity and Inclusion remains a focus area for us and we continue our progress towards a gender-balanced organisation. Through enabling policies, we have ensured female representation across both technical and commercial functions and at all hierarchical levels including in the Leadership and on our Board. Earlier this year, we also launched our Roshni Baji project under NEPRA’s Power with Prosperity CSR program. Inaugurated by Chairman NEPRA, this neighbourhood women ambassador program promotes safety awareness, opposes electricity theft and is a compelling example of women breaking barriers in non-traditional roles. These Bajis are a connect between KE and the communities, not only providing us insights on community needs so that we may develop appropriate interventions but also helping keep the communities safe.

Our commitment to Karachi goes beyond power provision – our Karachi Awards 2021 are a testament to this. Over eight million people will benefit annually through KE’s free power provision to 34 organisations working to uplift Karachi in areas of technology, culture, health, education, and many others.

I wish to thank KE’s management for their continued support that has made this year’s achievements possible. Our stakeholders especially our partners, employees and customers underpin our progress and propel our growth. On behalf of the Company, I am truly grateful for this support and look forward to working closely with all parties to accelerate KE’s transformation while powering Karachi’s prosperity.

Syed Moonis Abdullah Alvi
Chief Executive Officer
Karachi

September 10, 2021

Our Vision

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

Our Mission

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

KE's Head Office and 265 kW solar carport

Corporate Values

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

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

Customer-centric

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

Accountable

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

Respectful

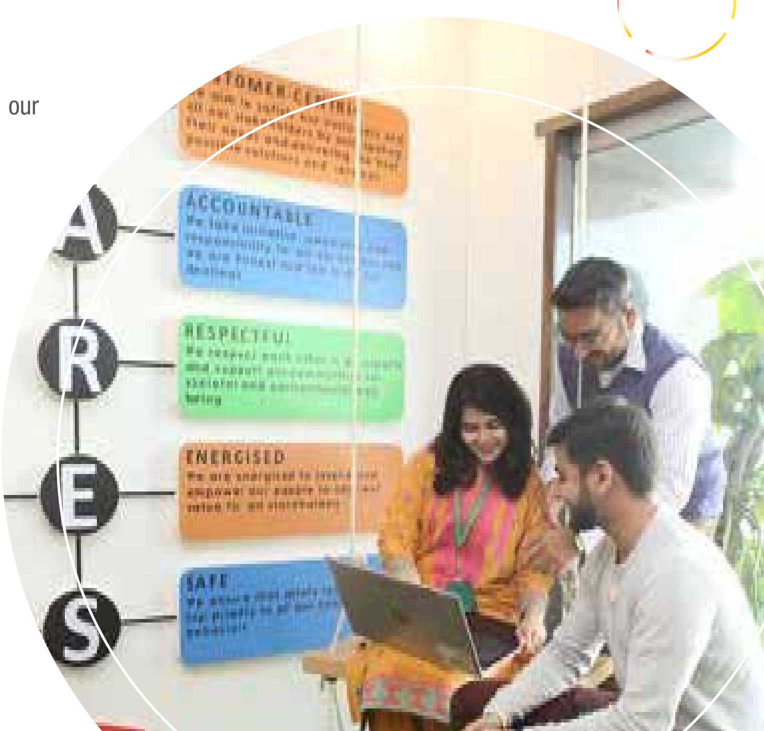
We respect each other in all aspects, and support our communities for societal and environmental well-being.

Energised

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

Safe

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



Notice of the 111th Annual General Meeting

Notice is hereby given that the 111th Annual General Meeting (AGM) of K-Electric Limited will be held electronically through Tele/Video link facility from the Company's Head Office, KE House, 39-B, Sunset Boulevard, Phase-II, DHA, Karachi on Wednesday, October 13, 2021 at 10:30 hours (PST) to transact the following businesses:

Ordinary Business

1. To adopt minutes of the Annual General Meeting (AGM) held on November 26, 2020

2. To receive, consider and adopt the Annual Audited Financial Statements of the Company (with the Directors' and Auditor's Reports thereon) for the financial year ended June 30, 2021

3. To appoint External Auditor for FY 2022 and fix their remuneration

4. Any other business with the permission of the Chair

The Securities and Exchange Commission of Pakistan (SECP), vide its Circular No. 04 dated February 15, 2021 and Circular No. 06 dated March 03, 2021 has allowed companies to hold the AGM through electronic mode. Hence, members are requested to participate in the AGM through electronic means. The reason for holding the 111th Annual General Meeting electronically is the protection of valued shareholders' well-being which is at risk due to the continuing threat posed by the Covid-19 pandemic.

The Share Transfer Books of the Company, for the purpose of attending AGM, will remain closed from October 7 to October 13, 2021 (both days inclusive). Transfer received at CDC Share Registrar Services Limited (CDCSRSL), CDC House 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 by the close of business on October 6, 2021 will be treated in time.

By order of the Board

Rizwan Pesnani
Chief Risk Officer & Company Secretary
K-Electric Limited

Karachi, September 22, 2021

Notes

1. CHANGE OF ADDRESS

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

In case shares are held in the Book-Entry form in Central Depository System (CDS), then the request notifying the change in address must be submitted directly to broker/participant/CDC Investor Account Services.

2. PARTICIPATION IN ANNUAL GENERAL MEETING THROUGH ELECTRONIC MEANS

Special arrangement for attending the AGM through electronic means will be as under:

a. AGM will be held through Zoom application – a video link facility.

b. Shareholders interested in attending the AGM through Zoom application are hereby requested to get themselves registered with CDC Share Registrar Services Limited by Monday, October 11, 2021 at 10:30 hours (PST) by sending an email with the subject "Registration for KEL AGM" at cdcsr@cdcsrsl.com along with a valid scanned copy of their CNIC.

Shareholders are advised to provide the following information:

S. No.	Folio/CDC A/C No.	Company's Name	Name of Shareholder	CNIC Number	WhatsApp Number	Email Address
		K-Electric Limited				

c. Members will be registered, after necessary verification as per the above-required information and will be provided a video link by the Company through email.

d. The Company will send the video link for the meeting/login credentials to the members at their provided email address, enabling them to attend the AGM on the given date and time through their smartphone/computer devices.

e. Login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to log in and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

f. Members can also share their comments/suggestions on the agenda of AGM by sending email at cdcsr@cdcsrsl.com or WhatsApp on 0321-8200864. Shareholders are requested to mention their full name, CNIC number and Folio/CDC Account number for this purpose.

g. Shareholders are encouraged to participate in the AGM to consolidate their attendance and participation through proxies.

3. POSTAL BALLOT

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

4. GUIDELINES FOR CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED (CDC) INVESTOR ACCOUNT HOLDERS

CDC Investor Account Holders will further have to follow the below-mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

a. FOR ATTENDING THE ANNUAL GENERAL MEETING

In case of individuals, the account holders or sub-account holders, whose registration details are uploaded as per the regulations shall authenticate his/her identity by sharing a copy of his/her CNIC or passport by Monday, October 11, 2021 at 10:30 Hours (PST).

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee, shall be shared through email (as mentioned in the notes) by Monday, October 11, 2021 at 10:30 hours (PST).

b. FOR APPOINTING PROXIES

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

Duly completed forms of proxy must be deposited with the Share Registrar at the CDC Share Registrar Services Limited, CDC House 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 no later than 48 hours before the time fixed for the meeting.

In case of individuals, the account holders or sub-account holders, whose registration details are uploaded as per the regulations, shall submit the proxy form as per the following requirements:

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

b. The proxy shall produce his/her valid ORIGINAL CNIC or ORIGINAL PASSPORT while attending the meeting.

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

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

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

5. CONVERSION OF PHYSICAL SHARES INTO BOOK-ENTRY FORM

Section 72(2) of the Companies Act, 2017 provides that every existing company shall be required to replace its physical shares with the book-entry form within four (4) years of the date of the promulgation of the Act. Further, vide its letter dated March 26, 2021, SECP has directed listed companies to pursue their shareholder holding securities in physical form to convert the same in the book-entry form. To ensure compliance with the aforementioned provision and to be benefited by holding securities in the book-entry form, all shareholders holding shares in physical form are therefore requested to convert their shares into book-entry form.

6. UPDATE OF IBAN DETAILS

All members are further requested to update their IBAN details with the Share Registrar.

7. SUBMISSION OF COPY OF CNIC/NTN CERTIFICATE (MANDATORY)

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

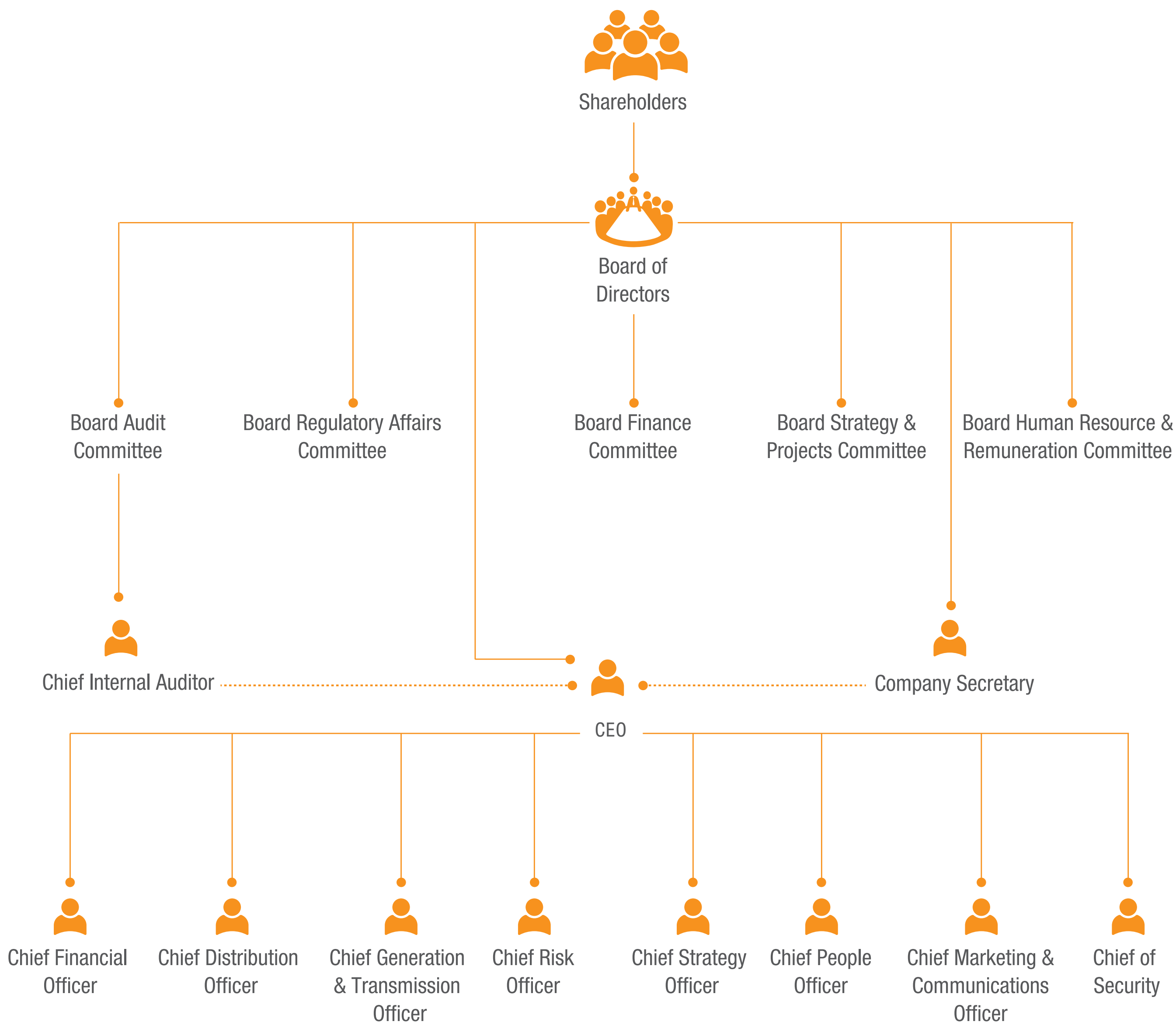
8. TRANSMISSION OF ANNUAL AUDITED FINANCIAL STATEMENTS AND NOTICE OF MEETING THROUGH EMAIL (OPTIONAL)

Further, pursuant to SECP's SRO dated September 8, 2014, members desirous of having Company's financial statements/Notice of Meeting through email are requested to intimate the Share Registrar regarding the same.

9. AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE

The Audited Financial Statements of the Company for the year ended June 30, 2021 have been made available on the Company's website www.ke.com.pk.

Organisational Structure



Board Of Directors

Shan A. Ashary

Chairman

Mr Shan A. Ashary has been a Non-Executive Director of the Company since its privatisation in November 2005. He is a senior executive with over 40 years of proven success in managing international investments, operations of a large diversified group, finance, treasury, public accounting, and strategic and corporate planning. He currently serves on the board's of several companies in the USA and the Middle East. He is a Fellow of the Institute of Chartered Accountants of England and Wales. Other Engagements: Investment Adviser, Al-Jomaih Holding Co. (Saudi Arabia).

Syed Moonis Abdullah Alvi

Chief Executive Officer

Mr Syed Moonis Abdullah Alvi was appointed CEO of KE in June 2018. In the three years since, Mr Alvi has led the Company through a business transformation emphasising digitisation and customer-centricity. During his term, KE has also undertaken a series of aggressive investments across the energy value chain aimed at creating a future-ready organisation, capable of serving Karachi's needs into the future. These investments include the Company's upcoming 900 MW RLNG-fired power plant which ranks among Pakistan's top five on the basis of efficiency. He is passionate about enabling diversity and inclusion at KE and has championed many of KE's flagship diversity initiatives including the Women Meter Reader, Women Grid Operators and Roshni Baji Programs. His journey with K-Electric started 13 years ago in 2008. During this time, he has served as the Company's Chief Financial Officer and also held the roles of Company Secretary and Head of Treasury. Mr Alvi holds 30 years of diversified experience in finance, with a focus towards driving operational efficiencies, financial planning, and capital restructuring. He is a Fellow member of the Institute of Chartered Accountants of Pakistan.

Adeeb Ahmad

Non-Executive Director

Mr Ahmad's career spans over 32 years, with last over 20 years in C-suite positions with an Oil Marketing Company, a premier multilateral agency and regional private equity and M&A firms leading overall operations; large funds and several landmark investments; value-accretive portfolio management, restructuring and turnarounds; and M&A in power, oil & gas, power, transportation & logistics, telecommunications, food & agribusiness, petrochemicals and financial sectors in MENA, Turkey, CIS, South East Asia and Pakistan. In his earlier career, Mr Ahmad was engaged with leading investment banking institutions in the GCC and Pakistan where he successfully led several M&A, privatization and capital raising assignments.

Recently, he served as the CEO of Hascol Petroleum Limited in Pakistan with a mandate to lead the troubled company's restructuring exercise, and before that was the Senior Advisor to the CEO and Deputy CEO-Designate at Islamic Corporation for the Development of the Private Sector (ICD) in Saudi Arabia where he led and reorganized a large regional portfolio of private equity investments and a variety of investment, credit and SME funds. Mr Ahmad holds an M.Sc. from the London School of Economics, United Kingdom, and an MBA from the Institute of Business Administration, Karachi, Pakistan. Other Engagements: Board Member, Al-Shaheer Corporation Ltd.

Asad Ali Shah

Non-Executive Director

Mr Asad Ali Shah, a Chartered Accountant, has over 35 years of experience in governance, audit & assurance, consulting, financial advisory and tax services. His current engagements include CEO of Asad Ali Shah Associates, a professional services firm, Chairman Befiler (Pvt) Limited, Pakistan's largest digital tax advisory firm and member Policy Board of Securities & Exchange Commission of Pakistan. Previously, he was the Managing Partner of Deloitte Pakistan, a member of Deloitte Touche Tohmatsu LLC, one of the a top four global professional services firms. He has served as Advisor to Chief Minister Sindh on Finance, with the status of Minister, as President of the Institute of Chartered Accountants of Pakistan, posted as a Board member of International Federation of Accountants, the global body representing the accounting profession. Mr Shah was also the Chairman of an inter-governmental working group of experts on international standards of accounting and reporting of UNCTAD, United Nations.

Ch. Khaqan Saadullah Khan

Non-Executive Director

Mr Ch. Khaqan Saadullah Khan has over 20 years of experience in corporate finance, investment banking, private equity and general management. He is currently an advisor to international investors with significant investments in Pakistan. Prior to this, he was a fund manager with the Abraaj Group. Mr Khan has also worked as an Investment Officer in International Finance Corporation, as an Investment Consultant in the Board of Investment, Government of Pakistan, and as a manager in Ernst & Young's Transaction Advisory Services Group based in Chicago. He has previously served on the Boards of Agritech Limited and Shakarganj Food Products Limited. Mr Khan holds a BA in Economics from Northwestern University, USA. Other Engagements include Member Board of Directors: Cinepax Limited and Jhimpir Power (Private) Limited.

Dr Ahmed Mujtaba Memon

Non-Executive Director

Dr Ahmed Mujtaba Memon represents the Government of Pakistan and was appointed on the Board of KE in June 2018. He is the Additional Secretary Commerce in the Commerce Division, and was also the Additional Secretary Finance from March 2018 to June 2021. He has previously served as Director-General (IOCO) in the Federal Bureau of Revenue (FBR) as well as in various capacities at the Pakistan Customs Service. He has also worked with the Asian Development Bank on a project as the Secretary Trade Export Promotion and Industrialisation in the FBR. His academic qualifications include an MBBS, an MA (Economics) and an MBA (Finance). Other Engagements: Member – Board of Directors, IESCO, SSGC and NESPAK

Jamil Akbar

Non-Executive Director

Mr Jamil Akbar has more than 20 years of multinational experience in general management, strategy, real estate development and private equity. Presently, he is serving as TPL Properties COO and TPL eVentures CEO. He recently led Strategy and M&A for Fauji Foundation, while also serving as the Board member of Mari Petroleum, FAP Grain Terminal and various Fauji IPPs. His previous roles were Country Head, Emaar Pakistan and before with the Abraaj Group focused on Pakistan investments, including an operational and turnaround role at K-Electric. He has also been Chief Internal Auditor at GlaxoSmithKline Pakistan Ltd. Mr Akbar began his career with KPMG UK. Mr Akbar holds an MBA from INSEAD, is a Chartered Accountant from the Institute of Chartered Accountants in England & Wales (ICAEW) and holds a BEng. (Mechanical) from Imperial College (UK). Other Engagements: Independent Director, Trellis Housing Finance Ltd.

Khalid Rafi

Independent Director

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

Mubasher H. Sheikh

Non-Executive Director

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

Naveed Ismail

Non-Executive Director

Mr Naveed Ismail has over 28 years of global power sector background. He has hands-on experience in leading as CEO of some of the large electric utility businesses in UK, Brazil, Argentina, Chile, Georgia, Kazakhstan and Pakistan. He is also a former CEO of K-Electric. Most of Mr Ismail's multi-country power sector experience has been in turnarounds, restructuring, corporate workouts, power business development, power sector reforms, efficiency gains, loss reduction in transmission and distribution networks. He has diversified and rich multi-country experience in all segments of a power utility business (generation, transmission & distribution). Mr Ismail holds a Bachelor degree in Mechanical Engineering from UET Peshawar, MS in Mechanical Engineering from MIT, USA and MBA in Finance from Boston College, USA. Other Engagements: Chairman of National Transmission & Despatch Company (NTDCL).

Ruhail Muhammad

Non-Executive Director

Mr Ruhail Muhammad's career spans over 35 years in general management, business development, strategy, financial planning and people development. He has held various C-suite positions in companies focuing on a diverse range of activities from Chemicals to Energy to Polymer production. He is currently the CEO of Hub Power Holdings Ltd, a subsidiary of HUBCO, Pakistan's largest IPP. He is responsible for managing the growth portfolio of HUBCO, including existing coal-based power plants. His responsibilities include evaluating onshore & offshore acquisitions, project financing, economic evaluation of all growth projects and financial re-engineering to support the growth vision of the Company. Previously, he was the CEO of Engro Fertilizers from 2012-2018. He has served on the Boards of Engro Corp and various Engro subsidiaries including as Chairman of Engro Vopak and Engro LNG Terminal. In addition, he has also served on the Boards of Pakistan Institute of Corporate Governance, British Overseas School, KP Energy Board (PEDO), EFU Life and as Chairman of Pakistan Mercantile Exchange Limited. He is a CFA Charter Holder and holds an MBA degree from Institute of Business Administration, Pakistan. He has attended the Advance Management Program at INSEAD as well as a Agri-Business certification from the Harvard Business School.

Sadia Khuram

Non-Executive Director

In her two-decade long professional career, Ms Sadia Khuram has worked in the leading and most progressive organisations/sectors (Paktel, Mobilink and and Careem) in Pakistan and has successfully led the following commercial areas. Marketing, Product Development, Business Development, Sales, Digital Advertising and Delivery Channels, Customer Experience and Operations Transformation. She is currently working as the Chief Strategy Officer at Pure Health in Dubai. She holds an MBA from LUMS and another MBA in Innovation and Global Leadership from MIT. Ms Sadia is passionate about helping businesses and organisations leverage the opportunities presented by the digital economy and technology, for creating, capturing and delivering value. Committed to the principles of customer-centric design thinking when solving product/business challenges, she leverages hands-on understanding of dynamics of consumer markets in developing economies when driving aggressive growth and/or operating model transformation. She prides herself in developing and leading high-impact, cross-functional teams that get great things done. She possesses strong analytical skills and has a very data-driven and experiment-based approach to decision-making. Ms Sadia actively engages with the local academic institutions and the start-up community to get inspired and to support in building the next generation of disruptors, innovators and leaders. She is currently also serving as an Independent Director for IESCO and LESCO.

Waseem Mukhtar

Non-Executive Director

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

Leadership

DALE SINKLER
Chief Generation & Transmission Officer

Mr Dale Sinkler brings over 25 years of experience in the power sector ranging from energy sector reforms to development, execution, operations, and management at some of the world's largest power companies. He was the co-founder of O&M Solutions, the Senior Vice President of Southeast Asia for Globeleq and Chief Executive Officer for multiple AES businesses.

Mr Sinkler envisions an energy infrastructure which links power generation to real-time consumption and he is an active contributor to power sector reforms in emerging markets. At the time of the publishing of this report, Mr Sinkler had chosen to move on from his role at KE. He will be succeeded by Mr Abbas Hussain, the current Deputy Chief Generation & Transmission Officer.

RIZWAN PESNANI
Chief Risk Officer & Company Secretary

Mr Rizwan Pesnani was appointed as Chief Risk Officer in June 2021. He also serves as the Company Secretary, reporting to the Board of Directors. He joined K-Electric in 2013 and was previously leading the Treasury and Corporate Finance function of K-Electric. Mr Pesnani is a seasoned professional with over 25 years of experience. He has been associated with both public and private sectors, and has worked within and outside Pakistan across Utility and Infrastructure sectors in areas of Accounting, Financial Planning & Management, Risk Management, Corporate Finance and Project Development & Finance. He is a fellow member of the Institute of Chartered Accountants of Pakistan.

NAZ KHAN
Chief Strategy Officer

Ms Naz Khan is a seasoned professional with over 25 years of experience across both financial services and industry. Before joining KE, she was the Managing Director of X-Petroleum and has served as Chief Financial Officer of the Engro Corporation at a time when the company saw a series of restructurings, divestitures and IPOs of subsidiaries as well as growth through two landmark projects of LNG Terminal and Thar Coal and Power. Prior to Engro, Ms Khan was the Chief Executive Officer of KASB Funds Limited. She was actively involved in Pakistan's capital markets for over 20 years. She has also served on the Boards of several organisations such as Shell Pakistan, Pakistan Stock Exchange, Fauji Fertilizer Bin Qasim and UBL Fund Managers amongst others. She is also serving as the CEO of K-Electric Venture Capital Limited (KEVCL), a newly established KE subsidiary for diversification initiatives.

AMER ZIA
Chief Distribution Officer

Mr Amer Zia is KE's Chief Distribution Officer (CDO) having also served as Deputy Chief Operating Officer Distribution and as Chief of Distribution Operations. In both capacities, he played a critical role in KE's corporate turnaround. Prior to KE, Mr Zia worked with USAID-Power Distribution Program, and also held key leadership positions within public sector entities including NEPRA and IESCO. He has also served as an independent consultant with the World Bank through the Competition Commission of Pakistan. He has a Bachelor's degree in Electrical Engineering from UET Peshawar, a Master's degree in Electrical Engineering from Bradley University USA, and an MBA in Project Management.

SYED MOONIS ABDULLAH ALVI
Chief Executive Officer

Mr Moonis Alvi was appointed CEO of KE in June 2018. In the three years since, Mr Alvi has led the Company through a business transformation emphasising digitisation and customer-centricity. During his term, KE has undertaken a series of aggressive investments across the energy value chain aimed at creating a future-ready organisation, capable of serving Karachi's needs into the future. These investments include the Company's upcoming 900 MW RLNG-fired power plant which ranks among Pakistan's top five on the basis of efficiency. He is passionate about enabling diversity and inclusion at KE and has championed many of KE's flagship diversity initiatives including Women Meter Reader, Women Grid Operators and Roshni Baji. His journey with K-Electric started 13 years ago in 2008. During this time, he served as the Company's Chief Financial Officer and also held the roles of Company Secretary and Head of Treasury. Mr Alvi holds 30 years of diversified experience in finance, with a focus towards driving operational efficiencies, financial planning, and capital restructuring. He is a Fellow member of the Institute of Chartered Accountants of Pakistan.

MUHAMMAD AAMIR GHAZIANI
Chief Financial Officer

Mr Muhammad Aamir Ghaziani has more than 20 years of diversified experience in areas of accounting, financial management, risk management, policy reforms, regulatory compliance, and business turnarounds. He joined KE in 2008 and has been the Company's Chief Financial Officer since 2018. Before becoming CFO, he had served in senior roles in Finance and Regulatory Compliance, playing a key role in driving KE's turnaround over the past decade. Prior to joining KE, he worked with large leading organisations in senior roles in Finance and Strategy. Mr Ghaziani also serves on the board of KEVCL and K-Solar (wholly owned subsidiaries of KE). He is also the Chairman of the Board of Directors of K-Solar (Private) Limited, a company engaged in providing clean and green energy solutions. Mr Ghaziani is a Fellow member of the Institute of Chartered Accountants of Pakistan (ICAP) and did his Articleship from A.F. Ferguson & Co. (a member firm of PwC global network). He has also attended executive management programs at INSEAD and other prestigious institutions.

SADIA DADA
Chief Marketing & Communications Officer

Ms Sadia Dada's experience spans Communications, Brand Building, Sustainability Management as well as Media and Reputation Management. She previously served at KE as Director Communications and Chief of Staff and led the transformation of the Communications function, strengthened KE's digital footprint and spearheaded several customer-centricity initiatives. Following a brief stint with Philip Morris Pakistan as Director Communications, Ms Dada returned to KE earlier this year and currently leads the Marketing, Communications, CSR and Customer Experience functions. An alumnus of Lahore University of Management Sciences (LUMS), she brings multi-sectoral experience from her past affiliations including Unilever Pakistan, Nestle Pk and Mobilink (now Jazz). Committed to an inclusive society, Ms Dada is part of NOWPDP's Board of Advisors and Founder of Women in Numbers, an online networking community exclusively for working women.

MUHAMMAD RIZWAN DALIA
Chief People Officer

Mr Rizwan Dalia was appointed Chief People Officer (CPO) in March 2018. He joined K-Electric in 2008, serving in senior roles within the Finance and Corporate Affairs functions and playing a key role in KE's turnaround. As CPO he has led HR's digital transformation into an efficient enabler for business and employees. Mr Dalia did his Articleship from A.F. Ferguson & Co. (a member firm of PricewaterhouseCoopers), and served at Pakistan State Oil from 2001 to 2007 in the Finance function. He is a Fellow of the Institute of Chartered Accountants of Pakistan and a Certified Director from the Pakistan Institute of Corporate Governance. He is also a member of Board of Governors for Pakistan Society for Training & Development and a member of Executive Committee for Pakistan Society for Human Resource Management.

WAHID ASGHAR
Chief of Security

Following a 28-year stint in the Pakistan Army, where he retired as Colonel, Mr Wahid Asghar joined KE as Chief of Security in 2009 and presently leads the Company's Security, Criminal Litigation, Works & Estate, Administration and Supply Chain functions. Mr. Asghar's focus has remained on streamlining and enabling business processes and driving transparency and accountability. He also leads efforts to identify key land assets for development of power infrastructure and has oversight of vendor development and management for material and services. He has served on local and international special assignments and has been awarded the Tamgha-e-Basalat for his achievements along with receiving the Chief of Army Staff Commendation Card twice.

Board Committees Terms of Reference (ToRs)

Board Audit Committee (BAC)

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

b. Review of annual and interim financial statements of the company, prior to their approval by the Board of Directors,
   (i) focusing on major judgemental areas;
   (ii) significant adjustments resulting from the audit;
   (iii) going concern assumption;
   (iv) any changes in accounting policies and practices;
   (v) compliance with applicable accounting standards;
   (vi) compliance with applicable Code of Corporate Governance regulations and other statutory and regulatory requirements; and
   (vii) all related party transactions;

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

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

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

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

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

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

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

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

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

l. Determination of compliance with relevant statutory requirements;

m. Monitoring compliance with Code of Corporate Governance regulations and identification of significant violations thereof;

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

o. Recommend to the Board the appointment of the external auditor, their removal, audit fee, the provision of any service permissible to be rendered to the Company by the external auditor in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Code of Corporate Governance regulations. The Board shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;

p. Review process of identification and management of strategic business risks of the Company.

q. Review and approve the enterprise risk management framework.

r. Ensure that risk management processes and cultures are embedded throughout the Company and monitor that policies related to risk management framework are appropriately documented and implemented.

s. Ensure that the Company undertakes, at least annually, an overall review of business risks to ensure that the management maintains a robust system of risk identification, assessment and management.

t. Provide regular updates to the Board of Directors on key risk management issues and its proposed mitigating measures.

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

Board Human Resource & Remuneration Committee (BHR&RC)

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

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

c. Recommending Human Resource management policies to the Board;
   - all proposals requiring mandatory/statutory approval of the Board of Directors.
   - all proposals on development, revision, modification and/or interpretation of human resources policies.

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

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

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

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

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

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

Board Finance Committee (BFC)

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

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

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

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

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

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

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

h. To review insurance policy of the Company.

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

Board Strategy and Projects Committee (BS&PC)

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

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

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

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

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

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

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

Attendance in Board of Directors' and Committees' Meetings held during the period, when the concerned Director was on the Board/Committee

Director	BOD		BAC		BHR&RC		BFC		BS&PC		BRAC		BSC		BRM&SC	
	held	attended	held	attended	held	attended	held	attended	held	attended	held	attended	held	attended	held	attended
Adeeb Ahmad	9	9	-	-	-	-	-	-	8	8	-	-	-	-	-	-
Asad Ali Shah	9	9	8	8	-	-	-	-	-	-	4	4	-	-	-	-
Ch. Khaqan Saadullah Khan	9	9	8	8	5	5	1	1	8	8	4	4	5	5	-	-
Dr Ahmad Mujtaba Memon	9	9	-	-	-	-	1	1	-	-	-	-	5	5	-	-
Jamil Akbar	9	9	-	-	-	-	-	-	8	8	-	-	-	-	-	-
Khalid Rafi	9	9	8	8	5	5	-	-	-	-	-	-	-	-	-	-
Mubasher H. Sheikh	9	9	8	8	-	-	-	-	-	-	-	-	-	-	-	-
Muhammad Abid Lakhani	9	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mustafa Nasir Farooki	2	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Riyadh S.A.A. Edrees	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ruhail Muhammad	9	9	-	-	-	-	1	1	-	-	-	-	5	5	-	-
Sadia Khuram	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shan A Ashary	9	9	-	-	5	5	1	1	8	8	4	4	-	-	-	-
Syed Moonis Abdullah Alvi	9	9	-	-	5	5	-	-	8	8	4	4	-	-	-	-
Waseem Mukhtar	9	9	-	-	-	-	-	-	8	8	-	-	5	5	-	-

NOTE:

* No Board Meeting was held outside Pakistan by the Company during the year FY 2021.
* Board Risk Management & Safety Committee (BRM&SC) merged with Board Audit Committee (BAC), as approved by the Board on October 27, 2020. No meeting of BRM&SC was held until then.
* Existence of Board Special Committee ended after its 5th meeting held on September 29, 2020.

Code of Conduct

The Code of Conduct of K-Electric Limited (KE) was updated during the year 2020-21 in order to maintain standards of personal and professional integrity expected of the Company's internal stakeholders. Compliance with the Code is mandatory for all Board members and employees and is deemed to be a part of the employment contracts/appointment letters for all KE Board members and employees. Contravention of the code is regarded as misconduct and forms the basis for termination of employee's association with KE.

SALIENT FEATURES OF THE CODE:

1. EQUAL OPPORTUNITY AND DIVERSITY
   KE employees must treat everyone fairly and provide equal opportunities to other employees, without any discrimination on grounds of race, role, age, gender, complexion, religion, cast, country of origin, marital status, disability, social class or political views. KE employees must respect all inherent differences and recognize that having diverse views/ experiences in the workplace facilitates in the development of KE through diversity.

2. WORKPLACE HARASSMENT
   KE expects all Board members/employees to create a working environment free from intimidation and harassment of any kind, in which all members of the Company are equally respected. KE ensures human rights are upheld across the KE network. Unwelcoming advances (sexual or non-sexual in nature) or any other inappropriate personal conduct, as defined in the Protection against Harassment at the Workplace Act 2010, are strictly prohibited and also further outlined in the KE Workplace Harassment Policy.

3. CORRUPTION AND BRIBERY
   For KE, anti-corruption is not only a legal obligation and an ethical standpoint, it is also in our own interest to take a firm stand against corruption and/or corrupt practices be it internal or external. KE and its employees do not give or receive, whether directly or indirectly, bribes or other improper advantages for business or financial gain.

4. CONFLICT OF INTEREST
   KE respects the right of employees to manage their personal affairs and investments but expects them to avoid any situation that may involve a conflict between their personal interests and the interests of the Company. KE Board members/employees must be alert to any situation that could compromise on the position of trust they hold as a KE Board member/employee and avoid any kind of activity or transaction which may give rise to conflict between personal interest and that of KE.

5. CONFIDENTIALITY
   KE respects and maintains all sensitive information with due care which is confidential in nature as per best industry practices. KE Board members/employees must safeguard confidential information and trade secrets and prevent such information to be improperly disclosed to any unauthorised person inside or outside KE in accordance with KE's SOPs and policies.

6. GIFTS, ENTERTAINMENT AND CORPORATE RESPONSIBILITY
   KE Board members/employees must refrain from bringing in outside pressure or internal influence to attain personal gains in terms of cash and cash equivalents within the organisation. Board members/employees must not solicit, offer, accept or provide directly or indirectly any gifts, money, entertainment, corporate hospitality or travel if it will obligate or appear to obligate the person who receives it.

7. KE WHISTLE-BLOWING POLICY
   KE is committed to the highest possible standards of openness, probity and accountability. In line with that commitment, KE expects employees and others that it deals with, who have any concerns about any aspect of KE's work, vendors and/or its employees, to come forward and voice those concerns and will always have an option to stay anonymous if they prefer to do so.

8. INTELLECTUAL PROPERTY
   Intellectual property such as trademarks, copyrighted works, trade secrets and know-how are to be safeguarded from unauthorized access, sharing and illegitimate use. KE shall also respect the intellectual property of others.

   All KE Board members/employees must read, understand and comply with the Code at all times during their association with the Company. Any violation or non-compliance with the code shall be treated as breach of employment agreement and must be communicated to KE for initiation of appropriate disciplinary action.

   The complete Code of Conduct is available on the KE website.

PERFORMANCE POSITION **AND OUTLOOK**

Integrated Business Model

Input

01 Intellectual Capital
- 108 years of experience
- In-depth expertise in generation, transmission and distribution
- ISO certified procedures and protocols
- Large customer base
- Technology and digital capabilities
- Focus on continuous improvement and operational excellence

02 Human Capital
- Highly skilled and trained workforce
- Industry leading HR management policies in the sector
- Career development and succession planning
- Learning and training plans
- Leadership development programs

03 Social & Relationship Capital
- Urban connect
- Proactive stakeholder engagement
- Shared organisational values
- Corporate Social Responsibility agenda

04 HSE Capital
- Health, Safety and Environment as a top priority
- HSE audits and control
- Sustainability agenda

05 Financial Capital
- Focus on shareholder value
- Operating cash flow
- Funding from financial institutions and capital market including largest-ever private sector Sukuk placement

06 Infrastructure Capital
- State-of-the-art power generation
- Well-established transmission and distribution network
- Physical and virtual customer touch points (Customer Care Centres, KE Live App, WhatsApp and Chatbot, telephone helpline - 118)
- Focus on renewable

Output

01

Intellectual Capital

- Corporate Governance best practices
- Institutionalising reforms and transformation process
- State-of-the-art information management systems (leading ERP solutions) (SAP, SAP-ISU, ARIBA)
- Innovative, creative and skilled workforce
- Launch of K-Solar
- KE Live Crisis Comms

02

Human Capital

- Ethical and forward-looking leadership
- Motivated and high-performing staff
- Open, transparent, power-driven and empowering culture
- Equal opportunity employer
- Women empowerment (including grid operators, meter readers)

03

Social & Relationship Capital

- Healthcare and education elevation programs
- Community development initiatives
- Roshni Baji project • Covid-19 vaccination centres
- Women on Wheels • KHI Awards
- Safe Karachi Conference • Inauguration of Ali Sadpara Park
- Well-being of underprivileged communities

04

HSE Capital

- Carbon footprint reduction
- Power conservation initiatives
- Adherence to safety KPIs
- Green Energy webinars

05

Financial Capital

- Timely payment to fuel suppliers and IPPs ensuring smooth business operations
- Contribution to national exchequer
- Continued working capital management
- Increasing shareholder wealth

06

Infrastructure Capital

- Own fleet capacity of 2000+ MW
- 900 MW RLNG power plant under construction
- Supplying an area of 6,500 square kilometres through a robust T&D network
- Project Sarbulandi
- EV charging stations - JV with Shell

Business Objectives & Strategies

KE strives to deliver smooth, safe and reliable power to its customers and for this, the Company has undertaken strategic initiatives to position KE to accelerate given the following market and regulatory evolution it faces:

- Focus on the ever-growing customer demands, technological innovations, and sustainability is encouraging utilities to transform their business models and diversify their revenue streams.

- Pakistani power sector is gearing up for transition towards competition. With the introduction of Competitive Trading Bilateral Contracts Market (CTBCM), the Government of Pakistan (GOP) aims to create a competitive wholesale market.

To meet the growing demand and to better serve its consumers, amidst the evolving sector landscape, the Company has taken initiatives to:

1. Expand its generation fleet;
2. Modernise its transmission and distribution infrastructure;
3. Enhance customer focus and centricity;
4. Attain operational excellence;
5. Diversify by expanding into new businesses; and
6. Give back to our people and the society.

The Company is committed to bringing online its 900 MW RLNG-fired BQPS-III plant alongside working towards new grids and interconnection points with the National Grid to enhance interconnection capacity to evacuate additional power from the National Grid, taking the total drawl to up to 2,050 MW.

To diversify our generation fleet and add greener power, three solar IPP projects have been initiated in Balochistan's districts of Uthal, Vinder and Bela, under joint ventures, having an aggregate installed capacity of 150 MW. Moreover, KE has also entered the Distributed Generation landscape by launching K-Solar, thus encouraging its customers to diversify their energy sources and providing them with sustainable long-term solar solutions.

The Company has also invested in its transmission network to enable smooth and reliable power transmission. Upgradation of the Company's transmission network in parallel with expansion of generation fleet is necessary in ensuring the power generated and procured from external sources is evacuated and supplied reliably and safely to our end customers.

To further the improvements achieved under the first phase of Project Sarbulandi, the Company launched the second phase of the project in July 2020, under which the Company is converting existing high-loss Pole Mounted Transformers (PMTs) to Aerial Bundled Cables (ABCs), uplifting underserved areas, and enhancing network health. In addition, the Company made significant strides on Project ENSURE, a dedicated project aimed at improving and strengthening distribution network resilience.

Customer focus has always been vital to KE and hence, the Company has been sending out alerts of breakdowns and load-shedding, launched complete services for senior citizens and specially abled customers via 118 call centre, inaugurated a mega centre, and will soon announce a dedicated safety helpline for customers to report safety-related issues.

KE has also initiated an Operational Excellence program aimed at enhancing customer-centricity, enhancing operational effectiveness, becoming a cost leader, and enhancing employee experience. To achieve these objectives, a number of company-wide improvement initiatives have been mobilised. The Company is also undergoing digital transformation to become a forward-looking utility with a focus on improving customer experience through innovation.

Safety has been KE's utmost priority, not only of its employees, but also of the communities and the environment it operates in. There is a continued focus on ensuring adherence to global safety standards of the sector and the Company is working towards Process Safety Management implementation, as per its safety road map. KE reports quarterly to Sindh Environmental Protection Agency (SEPA) with compliance to ISO 14001 (Environmental Management System) and an intermittent gap analysis aids us in our quest for zero accidents.

KE is an equal opportunity employer and has diversity and inclusion goals that the Company strives to achieve. The Company continues to nurture its employees through learning and growth opportunities and invests in not just their physical, but their mental health as well. These initiatives include employee referral programs, employee advocacy programs, inclusion drives, self-defence trainings, Women-on-Wheels (WOW) trainings, and onboarding of Roshni Bajis and female Grid Operating Officers (GOOs). KE also set up Covid-19 vaccination facilities for employees, their families and households, and all KE offices are 100% vaccinated.

Key Performance Indicators (KPIs)

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

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

Significant Factors Affecting the External Environment (PESTEL Analysis)

A brief overview of the factors that affected the Company in the past year is hereunder:

Political

On the international front, the political environment for Pakistan remained relatively stable and hence no effect on the Company. With the developing situation in neighbouring country the political landscape may change which may consequentially affect the technological and economic partnerships for Pakistan. Strong alliances with neighbours and collaborative relations will help drive development agenda across the country.

On the local front, the GOP plans to open up the power market for competition with the introduction of CTBCM. Broader consensus on these initiatives have been achieved through approval of National Electricity Policy in June 2021 by the esteemed Council of Common Interests (CCI), Pakistan, in which all provinces are represented. A competitive market and planned privatisation of state-owned entities will play an important role in enhancing efficiencies, optimising costs and in turn, attracting new investments in the power sector.

Economic

In spite of a global pandemic, post-Covid-19 lockdown, the economy has recovered in many areas, the current account deficit records the lowest number in a decade and foreign exchange reserves witness the highest in over four years. Such macro economic advances along with favourable Government policies led to economic growth, which is directly proportional to growth in electricity demand.

Further, for sustained growth in the sector, the power sector needs to be positioned for sustainability and hence, circular debt along with operational, policy and regulatory matters need to be addressed effectively.

Social

Pakistan is the 5th most populous country in the world and the growing middle class is decreasing the poverty levels. There have been significant investments in the healthcare system, transportation, affordable housing projects, and education. These investments translate into an overall uplift in society and increased urbanisation, leading to growth in power demand. Through investments in the Sarbulandi program and community engagements, we were able to reduce load-shedding for up to 400,000 consumers.

Technological

The power sector's focus is on de-carbonisation and technology integration initiatives such as smart grid and AI driven energy management devices. Renewables provide vast opportunities for the sector considering the cost of renewable technologies is declining and renewable energy contributes to bringing down the overall cost significantly. Incentivising research and adoption of battery and storage options will prove to be the inflexion point for the sector.

Environmental

Climate change, environmental degradation and incidence of extreme weather and disasters are presenting great risks across the world. As a result of a global renewables agenda, there is an evident shift and diversification of energy mix away from hydrocarbons. The global rate of renewables adoption is emblematic of the massive technology and market shifts that have occurred in the sector. With the objective of adding green energy to its system, the Company initiated the process for setting up 150 MW of solar generation under an IPP mode in the Balochistan region as well as launched K-Solar, a company engaged in providing clean and green energy solutions.

To increase network resilience, the Company launched Project ENSURE focusing on initiatives to make KE's distribution network safer while also strengthening its ability to withstand extreme weather events.

Legal/Regulatory

To ensure smooth operations in a competitive market, a National Electricity Plan is under development in line with principles approved in National Electricity Policy 2021. The Policy developed covers energy and structural domains and aims to ensure sector sustainability, energy equity and financial viability, supply security and a fair market environment. For realisation of Policy goals, the Government is developing a five-year rolling Plan with 15 years perspective covering guidelines, implementation mechanisms and tools alongside relevant stakeholders and is engaged in and committed to providing support in its development.

Directors' Report

On behalf of the Board of Directors, we are pleased to present the Company's Annual Report together with the audited financial statements for the year ended June 30, 2021.

Financial Performance

	2021	2020	
REVENUE	PKR. 325,049 Mn	PKR. 288,807 Mn	(+12.5%)
EBITDA	PKR. 45,867 Mn	PKR. 36,684 Mn	(+25.0%)
GROSS PROFIT	PKR. 59,195 Mn	PKR. 43,893 Mn	(+34.9%)
NET PROFIT/(LOSS)	PKR. 11,998 Mn	PKR. (2,959) Mn	(+14,957 Mn)
EARNINGS/(LOSS) PER SHARE	PKR. 0.43	(PKR. 0.11)	(+0.54 PKR)
TOTAL ASSETS	PKR. 835,677 Mn	PKR. 703,414 Mn	(+18.8%)
TOTAL EQUITY	PKR. 223,952 Mn	PKR. 210,658 Mn	(+6.3%)
RETURN ON PPE[1]	2.83%	-0.82%	(+3.65pp)
RETURN ON EQUITY	5.36%	-1.40%	(+6.76pp)

1 PPE: Property, Plant & Equipment

Financial Review

During the year, with improved macroeconomic environment along with investments of around PKR 80.9 billion across the power value chain, the Company continued to show strong operational performance with an increase in units sent out by 9.6%. This was mainly due to growth in the industrial segment driven by improved economic conditions and revival of economic activity post the Covid-19 lockdown as well as favourable Government policies. Further, with targeted loss reduction initiatives, the Company managed to reduce its T&D losses to 17.5% from 19.7% in FY 2020. Driven by these operational improvements, the Company's gross profit increased by 35% as compared to last year.

Further, finance cost for the period was around 34% lower than that for the previous year. This was mainly on account of reduction in KIBOR rates resulting in decrease in average borrowing cost for the Company by approximately 5%, contributing over PKR 5 billion to the bottom line. However, pending release of government receivables and delays in determination of tariff variations had a direct impact on Company's liquidity position and resulted in high levels of borrowings for working capital requirements. The Company is continuously engaged with GOP and other relevant stakeholders for amicable resolution of the matter.

Operational Performance & Continued Investments across the Value Chain

In line with its objective of delivering safe and reliable supply of power to its consumers amidst multiple challenges, the Company has invested over USD 3.8 billion across the energy value chain since privatisation, resulting in over 75% of KE's service territory being exempt from load-shedding, including 100% exemption to industries, improvement in generation fleet efficiency by 25% along with reduction in T&D losses by 16.7% points and capacity enhancement in all core functions.

With a vision to move Karachi into a power surplus position along with improved system reliability and service levels, KE continues to make strides towards efficiency improvements and increase in despatch capacity through additions to its own generation fleet as well as external sources. On the self-generation front, construction work on the 900 MW RLNG-fired project, Bin Qasim Power Station-III (BQPS-III) has been impacted by the Covid-19 pandemic which has been causing a global disruption in supply chain. However, all stakeholders are endeavouring their best efforts for commissioning of the first unit of the 900 MW plant by the second quarter of the FY 2022, making it one of the fastest projects of its kind to be commissioned in the country. Work on the second unit of 900 MW Project is also picking up pace as critical Power Train equipment including GT, ST and Generator have been placed on their foundations along with associated auxiliaries. Moreover, a Gas Supply Agreement (GSA) for the provision of 150 MMCFD RLNG was signed with Pakistan LNG Limited (PLL) in August 2021. This is the first agreement of its kind where RLNG is being directly supplied by a government entity to a private sector company. Following the grant of Transmission Licence by OGRA in January 2021, construction works on a dedicated pipeline for supply of RLNG to KE's Bin Qasim Complex were completed in May 2021. This state-of-the-art, highly efficient generation plant comprises two 450 MW units and runs on the Combined Cycle Gas Turbine (CCGT) configuration. It also includes upgradation of associated transmission infrastructure, including augmentation of three critical load grids and 2 interconnection grid stations, for smooth and reliable power evacuation.

To manage the power demand in Summer 2021, KE in collaboration with National Transmission & Distribution Company (NTDC), successfully implemented the cross-trip scheme along with rehabilitation of KDA-Jamshoro lines, enabling KE to draw additional power of 450-600 MW from the National Grid through existing interconnections. With the support of Ministry of Energy (Power Division) and NTDC and under NEPRA's guidance, KE was able to mitigate gas constraints and promptly manage power demand during summer 2021 through evacuation of additional power from the National Grid along with operation of Combined Cycle KCCP on HSD during the peak demand hours to mitigate the impact of gas pressure issues. We are pleased to report that payments for the incremental power were made while the Tariff Differential Claims are proposed to be set-off/released against the remaining dues.

Furthering its objective of providing reliable and sustainable power to its consumers, in addition to works on TP-1000 project and setting up of new grids and interconnection points, during the year, KE enhanced its transmission capacity through the addition of five power transformers along with the 132kV Mehmoodabad Grid Station, which will help in catering to the rapid demand growth from residential segment in the area. Addition/replacement of power transformers resulted in net addition of 184 MVAs, taking the total transformation capacity to 6,536 MVAs which is sufficient to meet the peak demand in the KE service area.

Additionally, the augmentation of two 132kV GIS line bays at Jacob Line grid & energisation of two 132kV GIS line bays at Qayyumabad Grid Station were carried out, coupled with rehabilitation of seven 132kV GIS bays at KDA Grid, resulting in further expansion and strengthening of the network.

On the distribution front, as part of loss reduction initiatives, KE has converted around 11,000 Pole Mounted Transformers (PMTs) to Aerial Bundled Cable (ABC). This process has enabled the Company to significantly reduce its T&D losses and benefit consumers through reduction in load-shedding combined with community engagement and upliftment initiatives. By virtue of this, in FY 2021, 125,000 customers (FY 2020: 45,000) were converted from hook connections to metered connections.

During FY 2021, the Company launched the 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, minimising commercial losses through ABC conversion, improving recovery levels and uplifting of areas through community engagement activities. Via Project Sarbulandi, over five million residents have benefitted through activities that include installation of water filtration plants, renovation of schools and parks, and donations of equipment.

The Company has also successfully removed 266,000 kg of hook connections from different high-loss pocket areas along with installation of around 152,000 meters through Mobile New Connection Van (MNCV) and 80,600 Asaan Meters in targeted areas.

Furthermore, to mitigate the issue of power theft and promote a culture of timely bill payments via provision of easy instalment plans, the 'Azaadi' rebate scheme was initiated which played a key role in improving the recovery ratio from 92.1% in FY 2020 to 94.9% in FY 2021.

Moreover, KE remains committed to investing in and improving network health, reliability, and safety. In this regard, the Company's planned initiatives include capacity enhancement through addition of feeders and PMTs, taking to network safety initiatives such as Public Accident Prevention Plan (PAPP) and Project ENSURE which are based on learnings from the last monsoon and focus on building resilience in KE's distribution network. Supplementing the loss reduction and network and safety enhancement initiatives, the Company has introduced Advanced Metering Infrastructure (AMI) and has installed smart meters at the PMT and large industrial consumer level to improve energy management.

Additionally, in line with its objective of improving customer-centricity, the Company has also enabled extra online payment avenues including online banking channels and other digital partners such as Easypaisa and Jazz Cash and entered into partnerships with Bykea and Daraz to ensure greater customer facilitation enabling them to pay their bills on time and in a hassle-free manner.

Growing Receivables from Government Entities and Departments

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

As of June 30, 2021, KE's net receivables from various Federal and Provincial entities, stood at around PKR 58 billion on a principal basis. The backlog of receivables continues to have a consequential impact on the Company's cashflow position, significantly hampering the Company's ability to accelerate the pace of investment in power infrastructure. Therefore, for the sustainability of KE as well as the sector at large, it is imperative that all parties, including the GOP, come together for an amicable solution to resolve this long-standing issue.

In this regard, discussions around finalisation of Terms of Reference (ToRs) to resolve historic disputes via arbitration involving relevant parties are ongoing.

It is noteworthy that despite the pending release of KE's receivables from government entities and departments, the Company has ensured payments of current monthly bills to key fuel suppliers and IPPs, including SSGC and PSO, to ensure continuity of business operations. It is noteworthy here that non-payment of these purchases may have had an adverse impact on the demand-supply situation within KE's service area, ultimately resulting in increased load-shed. However, these payments have been made on the back of increased borrowings to fund operational and working capital requirements of the Company.

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

Liquidity & Capital Structure

Liquidity & Capital Structure

Accumulation of Tariff Differential Claims (TDC) receivables coupled with outstanding receivables from other government departments and entities have significantly affected the cashflow position of the Company. However, this cashflow requirement is being managed through extended and continued support from banks and other financial institutions.

Financing Update

Islamic Commercial Paper

During FY 2021, the Company continued its Islamic Commercial Paper (ICP) Program through issuance of ten distinct privately placed Islamic Commercial Papers of 6 months' tenor amounting to around PKR 40 billion to fund maturity of previously issued ICPs and partially to finance additional working capital requirements. Continued support of capital market to KE's ICP Program has not only enabled the Company to maintain a diversified debt portfolio, but also to utilise financing limits of some of the banks for supporting strategic projects of the Company.

Financing for 900 MW BQPS-III Project

Financing envisaged for the 900 MW BQPS-III project is a combination of local and foreign debt. Foreign loans will be backed by Export Credit Agency (ECA) insurance cover. German (ECA), Euler Hermes has already accorded its approval for providing ECA insurance cover for financing of the German component of the project, whereas approval of Chinese ECA Sinosure for the Chinese component is in final stage. All approvals till the Sinosure Board and Chinese Ministerial level have been received and State Council approval is in progress. Commitment from lenders against both foreign and local facilities have been fully secured and finalised.

Resource Allocation and Capital Structure

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

Update on Tariff Related Matters

Multi-Year Tariff (MYT) Mid-Term Review

The Mid-Term Review petition filed under MYT on March 11, 2020 is currently under determination, however, the Company based on prudence has accounted for the base tariff impact of negative component relating to revision in investment plan net of USD indexation on allowed return on equity as fully explained in Note 1.7 to the Financial Statments. The Company, however, remains in continuous engagement with NEPRA and expects that necessary adjustments should be allowed in the tariff, which are critical to ensure Company's viability and sustainability, while also enabling the Company to make the required investments across the power value chain in the greater consumer interest.

Pending Approval of Costs Claimed in Lieu of Recovery Loss

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, as more fully explained in Note 33.2 to the Financial Statements.

While claims for the years FY 2017 to FY 2020 are pending NEPRA's approval, provisional claims for FY 2021 have been verified by external auditors, and will be filed with NEPRA in due course. Timely approval of these requests remains critical for Company's sustainability and execution of planned investment.

Decision of the Honourable High Court of Sindh on KE's FCA for the period July 2016 to June 2019

In January 2020, various industrial consumers challenged NEPRA's determination dated December 27, 2019 in the matter of FCA for the period July 2016 to June 2019 before the High Court of Sindh against retrospective charging of FCA for the subject period.

The Honourable High Court of Sindh through order dated August 23, 2021 has dismissed the petitions being devoid of merits and held that the exercise of passing monthly FCA for the period July 2016 to June 2019 based on NEPRA's determination is in accordance with law. Therefore, the matter has been decided in KE's favour.

NEPRA's Decision on Power Outages during June and 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 where NEPRA has accepted KE's stance on certain matters and revised the fine to PKR 160 million. The Company has paid the revised fine under protest and filed an appeal before Appellate Tribunal on the NEPRA order.

Authority Proposed Modification (APM) in Distribution Licence of KE

NEPRA in view of the Honourable Supreme Court order dated September 1, 2020 in HRC 20883/2018 reinitiated proceedings for APM in KE's Distribution Licence under Section 26 of the NEPRA Amendment Act and issued its Determination in the matter on April 21, 2021. Under the said Order, NEPRA has acknowledged and upheld KE's exclusive rights of distribution and sale of electric power in line with Article 7 of KE's Distribution Licence subject to certain conditions which includes allowing wheeling of power by Bulk Power Consumers through any generating company.

KE, in view of section 50 of the NEPRA Amendment Act has filed a review motion against the same specifically emphasising that the imposition of the above would result in retrospective application of NEPRA Amendment Act on KE's Distribution Licence. KE's view on retrospective application of NEPRA Amendment Act has also been endorsed in a separate case filed by IESCO and HESCO against NEPRA on this matter, wherein, the Honourable Islamabad High Court through Order dated July 8, 2021 ruled that exclusivity of distribution companies is to remain intact till the expiry of their respective exclusive distribution licences granted by NEPRA and the amendments made to the NEPRA Act can only be applied prospectively and do not affect or impair the exclusive rights possessed by Distribution Companies under their respective licences.

In view of the above, KE expects a favourable outcome of the matter.

National Electricity Policy 2021 and National Electricity Plan

Section 14A of the NEPRA Amendment Act, 2018 requires the Federal Government to prepare and prescribe a National Electricity Policy, with the approval of the Council of Common Intrerests (CCI). Accordingly, the National Electricity Policy 2021 was prepared and subsequently approved by the CCI in June 2021.

The National Electricity Policy 2021 covers key considerations for a financially viable and sustainable power sector, including guiding principles for the envisaged transition towards open markets as well as the need for cost-reflective tariff setting in the Distribution segment.

For the implementation of the policy guidelines provided in the National Electricity Policy 2021, a five-year National Electricity Plan with a 15 years' perspective is to be developed entailing high-level tasks, timelines, and responsibilities of respective entities. Subsequent to approval of the National Electricity Policy 2021, discussions and consultation process for National Electricity Plan have started, for which the Company is in engagement with relevant stakeholders.

Competitive Landscape and Market Positioning

Under the existing structure of the sector, power distribution companies have exclusive rights to sell and distribute power till the expiry of their distribution licence, as also endorsed by the Honourable Islamabad High Court in its order dated July 8, 2021.

The regulatory landscape in Pakistan is set to change with the implementation of Competitive Trading Bilateral Contracts Market (CTBCM) model which aims to introduce a competitive wholesale electricity market across the country. NEPRA through its determination dated November 12, 2020 approved the detailed design of CTBCM: however, NEPRA did not approve the proposed integration of KE and directed KE to evaluate and develop its plan for transition towards CTBCM in consultation with relevant stakeholders.

Accordingly, in compliance with NEPRA's directives, KE has submitted its Evaluation and Integration Plan after detailed consultation with relevant stakeholders, wherein KE has recommended that for successful implementation of CTBCM, it is important to ensure a sustainable and orderly transition in line with the National Electricity Policy 2021 and the CCoE approved principles for establishing competitive wholesale electricity markets in Pakistan.

KE remains engaged with relevant stakeholders including NEPRA with regard to a sustainable transition towards competitive markets, wherein among key policy and regulatory matters, KE's tariff post June 2023 shall form an integral part and therefore KE aims to file its petition for tariff renewal well before the expiry of its current MYT.

Initiatives to Enhance Network Safety & Protection

As part of its commitment to continue strengthening the reliability and safety of its network, pursuant to completion of revalidation of earthing and grounding of all low-tension (LT) poles in July 2020, during the year, a report from third party on the verification of earthing and grounding of KE's distribution network was submitted in compliance with directions of NEPRA. Further, in order to provide additional safety and extra protection to the system, KE has also initiated the second phase of its earthing projects under which running earth wire across all LT poles are being installed as a secondary protection, while double earth wires on high-tension (HT) poles are already installed in the KE system. KE has also put in place a sweeping process to identify any missing poles which will be earthed as and when identified.

Further, KE continues to pursue the matter of illegal encroachment of KE's network by TV and internet cables and is continuously removing these illegal cables from its network. KE also seeks support from relevant authorities to combat external factors including theft of earthing grounding material and illegal/unsafe use of KE's network. Regular drives to remove illegal TV and internet cables along with illegal street light switches are also carried out to minimise this risk.

Regarding the penalty imposed by NEPRA on the alleged public fatalities during the torrential rains in July and August 2020, the Company has filed a detailed review, explaining that most of the unfortunate incidents occurred due to faulty internal domestic wiring, unsafe use of electrical appliances, unauthorised construction around KE's network and illegal hook connections on electricity poles.

While KE remains committed to ensuring provision of safe and reliable power supply to its consumers and is taking all necessary measures in this regard, support from relevant authorities and external stakeholders is of utmost importance in this respect.

KE's Initiatives to Combat Covid-19

Since the outbreak of COVID-19, KE has been taking all necessary precautions to ensure safety and well-being of its employees and customers. In this respect, KE in line with its Corporate Social Responsibility (CSR) objectives and in compliance with the guidelines of NCOC and Government of Pakistan has implemented various operational protocols across the organization.

Further, with the help of Government of Sindh, KE established two in-house vaccination centers at KE's fully equipped and certified Nazimabad and Elander Medical Facilities along with regular communication to employees on the Covid-19 prevention and encouragement towards vaccination. Owing to these measures, all KE employees have been vaccinated, and KE is now actively pursuing for vaccination of family members of its employees.

Digitalisation of Procurement Processes

In view of efficiency, good governance, and commitment to transparency, KE has digitalised its supply chain processes. ARIBA, an SAP company, has been fully integrated with KE's deployed ERP. To date, transactions worth PKR 15 billion have been processed through ARIBA with the desired results achieved. ARIBA's efficiency has enhanced employee and supplier experience through ready analysis and safe data transfer/flow for quick decision-making of buying materials and services, at optimal prices and from the most appropriate vendors, on merit.

An additional functionality of reverse-auction exists in ARIBA, where bidding is live, within a predetermined time slot and can be witnessed in real time. This enables immediate results through competitive bidding aimed at getting the best price offers.

Consistent Two-Way Communication with Customers

KE has established a comprehensive crisis communication protocol which during the recent fiscal year, centred around a live stream on Facebook and Twitter, which provides a real-time status update on KE's distribution network and restoration efforts. This broadcast becomes a single-point of information between KE and its customers and is regularly updated with messages from Company spokespersons, hourly power updates on the progress of restoration, and messages on safety as well as the challenges being faced by our field teams in restoring electricity.

Crisis communication entails disseminating information proactively to keep customers aware of the utility's ongoing commitment to providing them with a safe and reliable power supply. The Live stream and associated efforts on digital and electronic media can assuage customer concerns and structure the flow of information, ensuring that a fact-based narrative is present in the public space.

Auditor's Observations

The Auditor has given Emphasis of matter on the following three matters:

As explained in note 31.1.1 to the financial statements, the mark-up/financial charges on outstanding liabilities due to government-controlled entities will be payable by the Company only when it will receive markup on outstanding receivable balances on account of tariff differential claims and energy dues of the Company's public sector consumers.

As explained in note 13.1 to the annexed financial statements, which explains the matter in respect of claims for write-off of trade debts pending with National Electric Power Regulatory Authority (NEPRA).

As explained in note 31.1.5 to the financial statements, the Supreme Court of Pakistan vide its decision dated August 13, 2020 has declared the Gas Infrastructure Development Cess (GIDC) Act, 2015 to be valid. In this respect, the Company's suit is pending before the High Court of Sindh 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.

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

a. Total number of Directors as at June 30, 2021 — 13
   - i. Female — 01
   - ii. Male — 12
   - iii. Casual vacancy — 00

   Composition
   - i. Independent Director — 01
   - ii. Non-Executive Directors — 11
   - iii. Executive Directors — 01
   - iv. Casual Vacancy — 00

b. The name of members of Board Committees are mentioned in “Company Information” in this Annual Report.

c. Board of Directors has a transparent procedure for remuneration of Directors in accordance with Companies Act 2017 and Listed Companies (Code of Corporate Governance) Regulations 2019.

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

Compliance with the Companies Act, 2017

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

a. The names of the persons who, at any time during the financial year, were Directors of the Company are given below:

01. Adeeb Ahmad
02. Asad Ali Shah
03. Ch. Khaqan Saadullah Khan
04. Dr Ahmad Mujtaba Memon
05. Jamil Akbar
06. Khalid Rafi
07. Mubasher H. Sheikh
08. Muhammad Abid Lakhani
09. Mustafa Nasir Farooki
10. Riyadh S. A. A. Edrees
11. Ruhail Muhammad
12. Sadia Khuram
13. Shan A. Ashary
14. Syed Moonis Abdullah Alvi
15. Waseem Mukhtar

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

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

d. No change occurred during the financial year concerning the nature of the business of the Company or of its subsidiaries, or of any other company in which the Company has interest other than those mentioned under Business Diversification in this report.

e. There were no contents with regard to modification in the Auditor’s Report.

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

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

h. Earnings Per Share (EPS) for the year ended June 30, 2021 was PKR. 0.43 (basic/diluted).

i. The Company has reported profit during the year under review. Future prospects of profits are discussed extensively in this report.

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

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

l. The details of Commitments are available in the notes to the Financial Statements.

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

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

o. A report on the activities undertaken by the Company in relation to Corporate Social Responsibility during the year under the review is placed under the “Governance & Compliance” section.

Board of Directors (BOD)

During the year under review, the following changes occurred on the Board:

1. 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.

2. Mustafa Nasir Farooki filled up the casual vacancy effective December 05, 2020 and resigned on May 28, 2021.

3. Subsequently, Sadia Khuram filled-up the casual vacancy as a female Director on the Board on May 28, 2021.

Further, Muhammad Rizwan Dalia relinquished the charge of Company Secretary and Rizwan Pesnani was appointed as the new Company Secretary in his place effective June 1, 2021.

Auditors

The present statutory auditor, A.F. Ferguson & Co, Chartered Accountants, a member firm of the PwC network, retired and being eligible, offered themselves for reappointment. The shareholders of the Company at the AGM on November 26, 2020 upon recommendations of the Board Audit Committee (BAC) and the Board, reappointed them as statutory auditor of the Company for FY 2021.

Acquisition by Shanghai Electric Power

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

Despite delays in the required approvals and a lapse of several years, this strategic investor has reiterated its keenness and also issued fresh Public Announcement of its Intention for the acquisition on March 31, 2021.

With an aggressive investment plan catering to the needs of the entire power value chain, SEP's acquisition of a controlling stake in the Company will prove to be a game changer in transforming Karachi's power infrastructure and technological landscape of the Pakistan's power sector.

Outlook

KE is a dynamic organisation that has demonstrated its resilience and determination to grow and thrive, overcoming multiple challenges in its 108 year's journey since inception in 1913. Firm on its vision of providing safe and reliable power to all its consumers, the Company has planned investments of around USD 1 billion for the next two years, spread across the entire power value-chain, resulting in energy self-sufficiency and socio-economic growth of Karachi and resultantly Pakistan. However, since KE operates under a cost-plus tariff regime, execution of planned investments is dependent upon NEPRA's timely approval of the investment plan submitted by KE as part of the MYT mid-term review.

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

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

Pursuant to successful additional power withdrawal of 450-600 MW from National Grid through existing interconnections starting from April 2021, the Company has also initiated the process for setting up new grids and interconnections for off-take of further additional power, as approved by the Government of Pakistan, completion of which will take the total withdrawl from the National Grid to 2,050 MW. In this regard, construction works on 220kV grid station and its associated transmission line at Dhabeji have started with expected energisation in 2022. For 500kV KKI Grid and its associated transmission line, technical evaluation of bids has been completed and commercial evaluation is in progress.

In addition to managing the demand-supply position in KE's service area, off-take of additional power from the National Grid would also help reduce the burden of idle capacity payments at national level, which has been one of the main driving factors of circular debt.

Moreover, to finalise 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 the finalisation of contractual arrangements after necessary approvals.

Rehabilitation of Transmission Lines in Hub, Vinder, Uthal and Bela - Medium to Long-Term Arrangements

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 in these areas. In this respect, KE has planned phase-wise rehabilitation of existing transmission lines from Hub-Chowki to Bela grid for which over 65% work of the first phase has already been completed with expected completion of the first phase by the end of 2021.

Furthermore, in parallel, the enhancement of grids in Vinder, Uthal and 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. This phase is expected to complete in 2023.

Renewable Projects for Fuel-Mix Diversification - Long-Term Arrangement

In addition to above KE, with the objective of diversifying its fuel mix and 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.

RFP for the Project is currently under NEPRA's approval. The Project will also support commercial and industrial activities in the area along with the new double circuit 132 kV transmission line.

Loss Reduction and Community Upliftment – Medium to Long-Term Arrangements

With the vision of load-shed free Karachi, the Company is scaling up its efforts to combat power theft, by converting existing high-loss PMTs to ABC, and aims to convert all high-loss PMTs to ABC by 2023.

Further, following the completion of the second phase of Project Sarbulandi, the third phase of the project was launched in July 2021 covering other IBCs, wherein the planned investments would enable conversion of around 900 PMTs to ABC, provision of over 150,000 low cost meters and community upliftment initiatives.

Elevation of Power Infrastructure for Rain Mitigation - Short to Long-Term Arrangements

Based on learnings from the last year's monsoon season, work to elevate critical power infrastructure was initiated in vulnerable areas and make it resilient to cater to extreme weather events. Phase-I currently stands at 98% completion with project conclusion expected by the second quarter of FY 2022. A renowned engineering consultancy firm, NESPAK, has been onboarded to vet the project's initiatives in terms of design and network improvement and their recommendations are also being implemented.

As part of a long-term operational reliability program, the MDMS project is in its final stages. All PMTs and high-end energy consumers will have real-time energy consumption recorded and analytics done. In addition, all analytics and governance solutions will start flowing out through this development. Linked with this is pilot to remotely disconnect and reconnect distribution transformers at key locations both for safety and commercial aspects.

On a long-term basis, a complete distribution operational rehabilitation plan is under development that will subsequently be evaluated by an external consultant. Principle focus of the plan is on Safety, Quality, Quantity and Reliability.

Business Diversification – Long-Term Arrangement

As part of diversification strategy of KE, a wholly owned subsidiary named KE Venture Company (Pvt) Ltd (KEVCL) was incorporated on July 30, 2020 to undertake different initiatives in the energy sector.

Additionally, another company, K-Solar (Pvt) Ltd which commenced its operations in June 2021 has been incorporated under KEVCL. K-Solar specialises in distributed generation business and will provide sustainable and long-term solar solutions to residential, commercial and industrial consumers.

Support Required from GOP & NEPRA

While the Company remains committed to its robust investment plan aimed at benefiting the consumers and Pakistan's economy at large, growing receivables from government entities and departments is a major challenge faced by the Company. Further, delays in required approvals also impact timely execution of planned investments critical for the Company to meet its service obligations, and therefore, the Company remains in continuous engagement with relevant stakeholders, including Government departments and entities as well as NEPRA and is confident that with collective support from all stakeholders and execution of planned investments in the power infrastructure, Karachi will transform into a bustling megapolis.

Conclusion

In conclusion, the Company continues to engage with relevant governmental, regulatory, and other external entities to ensure an enabling and pro-investment environment for the power sector at large. With collective support from all stakeholders, the Company continues to maintain a positive outlook for the future and looks towards profitable and sustainable growth while also strengthening service provision to the customers.

Acknowledgements

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

For and on behalf of the Board,

Syed Moonis Abdullah Alvi	**Shan A. Ashary**
Chief Executive Officer	Chairman

Karachi, September 10, 2021

Key Highlights

USD
3.8 billion
invested across the power value chain since privatisation

PKR
59.19 billion
gross profit

PKR
45.87 billion
EBITDA

PKR
11.99 billion
net profit

6,500 km^2
coverage area

Over 75%
of service area exempt from load-shed (6.6% in 2005)

16.7%
reduction in transmission & distribution losses since privatisation

1,057 MW
added to installed generation capacity since privatisation

10,274
employees

400+
women in management positions

Over 380,000
trees planted

Around 3.2 million
customer accounts

Over 5 million
people benefited from Project Sarbulandi

SWOT Analysis

STRENGTHS

- Diverse consumer base of around 3.2 million customer accounts in Karachi and its surrounding areas
- Economies of scale
- Own generation fleet of 2,000+ MW
- Unique positioning as the only transmission & distribution network company in the city
- Distribution exclusivity
- State-of-the-art SCADA facility
- Physical and virtual consumer touchpoints
- Trained and highly skilled workforce

WEAKNESSES

- Depleting indigenous gas reserves
- Illegal encroachments impede maintenance activities and create safety hazards
- Level IV pollution severity in Karachi which affects network reliability and efficiency
- Obligation to provide electricity to non-paying customers/high-loss areas
- Regulatory uncertainty and dependence on external stakeholders for timely approvals

OPPORTUNITIES

- High industrial growth
- Expanding beyond Karachi in an open market scenario
- Diversification of fuel mix by adding renewable energy lowering overall cost of generation
- Conversion of captive consumers to grid
- Transmission network augmentation to serve growing customer demand
- Leverage data and digitisation mediums to diversify revenue streams
- Venturing into new business areas by utilising existing capabilities

THREATS

- Cash flows affected by non-paying customers and sector's circular debt
- Unplanned development in the city and lack of urban development protocols
- Right of Way and encroachment issues
- Fuel supply disruptions

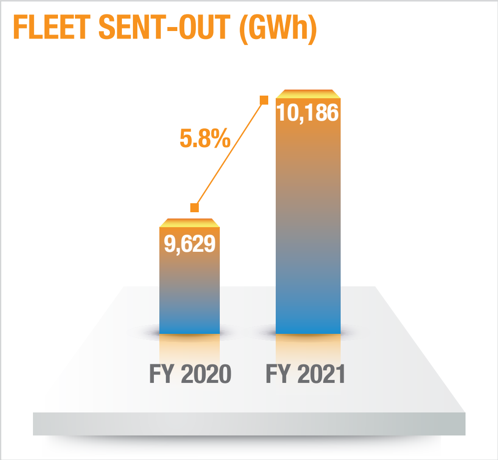
KE Roshni Bajis in the field

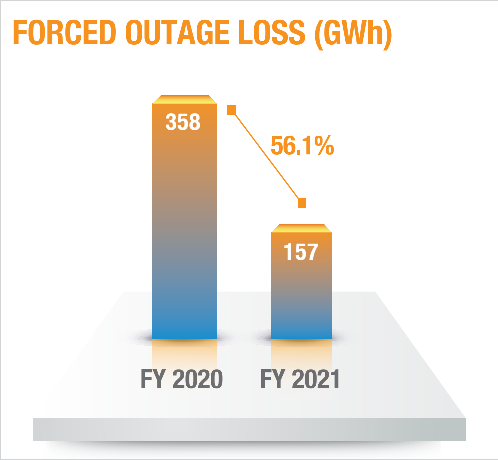
GENERATING **THE POWER**

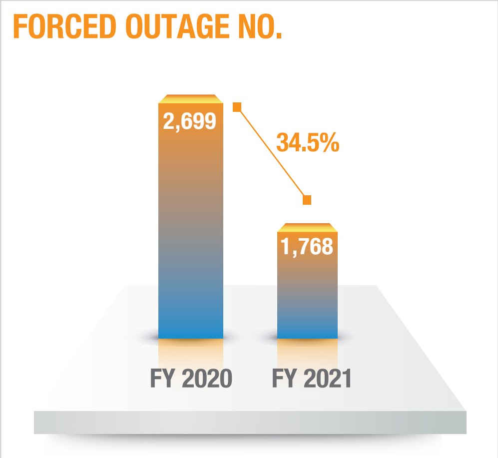
Generation

During FY 2021, KE continued to invest in maintenance activities at its existing generating plants. These investments led to the following improvements compared to last year:

- 5.8% increase in Fleet Sent-Out (GWh)
- 56.1% decrease in Fleet Forced Outage Loss
- 34.5% decrease in Fleet Forced Outage Numbers







Major Activities

- Annual maintenances of all BQPS-I units which included Unit No. 5 generator overhauling and Main and Start-up Transformer Online Tap Changer overhauling at Unit No. 6
- Control system upgraded along with state-of-the-art hazardous gas detection system installation at BQPS-II. Furthermore, PLL RLNG interconnection for all three Gas Turbines was successfully completed
- Commissioning of KCCPP on liquid fuel as an alternate fuel. Third-party heat rate test on this alternate fuel was also successfully conducted under NEPRA's supervision
- During the annual shutdown at KCCPP, station's control system was upgraded along with major maintenance and overhaul activities at GTs and ST
- 60k maintenances of 10 engines, rehabilitation of two block transformers and boilers annual inspection and maintenance at KGTPS and SGTPS

Certifications

In recognition of excellence in Asset Management System, BQPS-I was awarded ISO 55001. Now all KE generating stations are the recipient of this certification.

Upcoming Projects

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

900 MW RLNG-fired power project (BQPS-III) is under construction and the first unit is expected to be commissioned by the second quarter of FY 2022, and will be followed by commissioning of the second unit in the third quarter of FY 2022. Regarding fuel supply for BQPS-III plant, a GSA for 150 MMCFD RLNG supply to KE's Bin Qasim Complex was executed with PLL in August 2021.

KE remains committed to diversifying its fuel mix as the Company embarks upon setting up its three solar projects (50 MW each) in Vinder, Uthal and Bela districts of Balochistan. These three projects will be developed under competitive bidding process. For evacuation of power from these projects, KE has also planned rehabilitation and construction of new 132 kV double-circuit transmission line from Hub to Bela along with rehabilitation of three new grid stations in these areas.

TRANSMITTING **THE POWER**

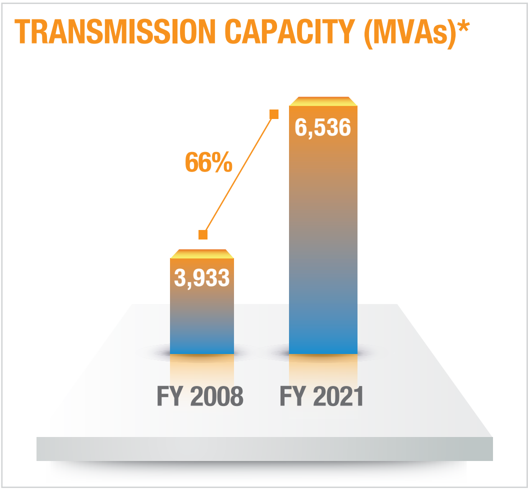
Transmission

Being an integrated power utility, KE is responsible for end-to-end planning across the power value chain. KE's transmission system comprises over 1,350 km of 220 kV, 132 kV and 66 kV lines, with 71 grid stations, 20 auto-transformers and 172 power transformers.

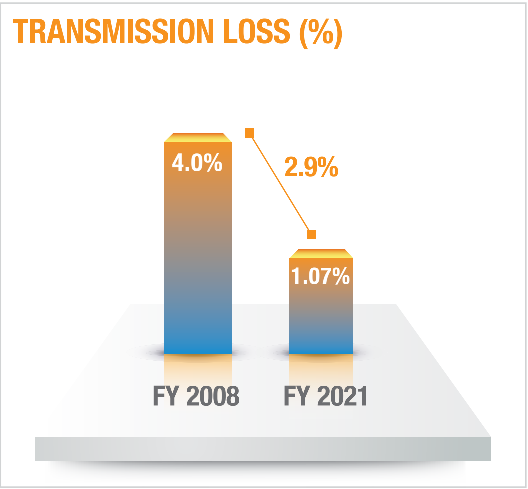
With a vision to supply smooth and reliable electricity, significant investments have been made in recent years and major steps have been taken in KE transmission network including:

- Capacity enhancement
- Grid stations recuperation
- Circuits reclamation
- Upgradation and rehabilitation of aged equipment

In lieu of the investments made, the MVA capacity increased by 2,603 MVA and the overall transmission losses improved by 2.9% points since the start of FY 2009.



* Excluding EHT Consumers MVA Capacity



Achievements FY-2021

- **42%** improvement against replacement/installation of grid equipment and **11%** reduction in power transformer trips
- **26% reduction in actual trips and 27% reduction in forced shutdowns resulted in lieu of CBM approach adaptation**
- **41% reduction in transient trips owing to RTV coating on insulators, replacement with composite insulators and installation of STACIR conductor**
- **26% reduction in unplanned unserved MWh**
- **25% reduction** in SAIFI and **41% reduction** in SAIDI

Major Projects

Measures for Transmission Network Reliability and Capacity Enhancement

Furthering KE's objective of providing reliable and sustainable power to its consumers, in addition to works on TP-1000 project and setting up of new grids and enhancing capacity of interconnection points, during the year, KE enhanced its transmission capacity through the addition of 5 new power transformers along with the addition of 132kV Mehmoodabad Grid Station. Addition/replacement of power transformers resulted in net addition of 184 MVAs and a total transformation capacity of 6,536 MVAs which is sufficient to meet the peak demand in KE's service area.

Additionally, augmentation of two 132 kV GIS line bays at the Jacob Line grid and energisation of two 132 kV GIS line bays at the Qayyumabad Grid Station was carried out, coupled with rehabilitation of seven 132 kV GIS bays at KDA Grid, resulting in further expansion and strengthening of the network.

Cross-Trip Scheme and Rehabilitation of 220kV KDA – Jamshoro Circuits

To meet the increasing demand of metropolis in summer 2021, in addition to initiatives on the generation front, with support from relevant stakeholders including Ministry of Energy (Power Division) and NTDC, rehabilitation works on 220 kV KDA-Jamshoro circuit along with the implementation of the cross-trip scheme was completed, enabling KE to off-take additional power from the National Grid of up to 450-600 MW through existing interconnections, which remained critical in managing the peak summer demand.

New Interconnection Points with NTDC for Evacuation of Additional Power

To manage the projected growth in power demand and considering the surplus capacity scenario in the National Grid, KE has conceived and is progressing on projects of 500 kV KKI and 220 kV Dhabeji grid stations as additional interconnections with NTDC. With new interconnections, KE will be able to import a total of up to 2,050 MW power from the National Grid which will enable KE to manage the demand in upcoming years alongside enhancing system reliability.

Hub, Uthal, Vinder and Bela (HUVB) Project

KE has planned to bring a substantial change in the rural areas of its service territory by upgrading its infrastructure in these areas to meet the increasing load profile and to help economic expansion in these areas. In this respect, KE has planned to erect a new double 132 kV circuit from Hub-Chowki to Bela grid and enhancement of grids in Vinder, Uthal and Bela from 66 kV to 132 kV level.

In addition to the above, rehabilitation of existing 132 kV and 66 kV transmission lines in this loop is also underway execution, for which Phase-I has already been started, with 65% of scope executed so far with palpable reduction of 31% in remote line trips and 44% improvement in unserved energy against remote line trips.


Customer C
Korang

DISTRIBUTING **THE POWER**

Distribution

Delivering power to around 3.2 million customers, spread across a service area of 6,500 square kilometres, KE's Distribution function has continued to evolve during FY 2021.

Through increased investments across the utility's distribution infrastructure, KE has successfully managed to exempt over 75% area of Karachi and its surrounding areas from load-shedding, with an absolute exemption to industries. New regimes and continued investments in the distribution segment have significantly helped in coping with the aftermath of the pandemic and improving overall network reliability. T&D losses reduced by 2.2% points, closing at 17.5% in FY 2021 as compared to 19.7% in FY 2020.

With targeted recovery initiatives, KE's recovery ratio improved from 92.1% in FY 2020 to 94.9% in FY 2021. This was possible due to our active recovery schemes like the 'Azaadi' rebate scheme initiated in FY 2021 which was followed by the 'Qadam Barhao' campaign. These campaigns were aimed at empowering the consumers, mitigating theft, and promoting timely bill payment through easy instalment plans and strict actions of disconnection.

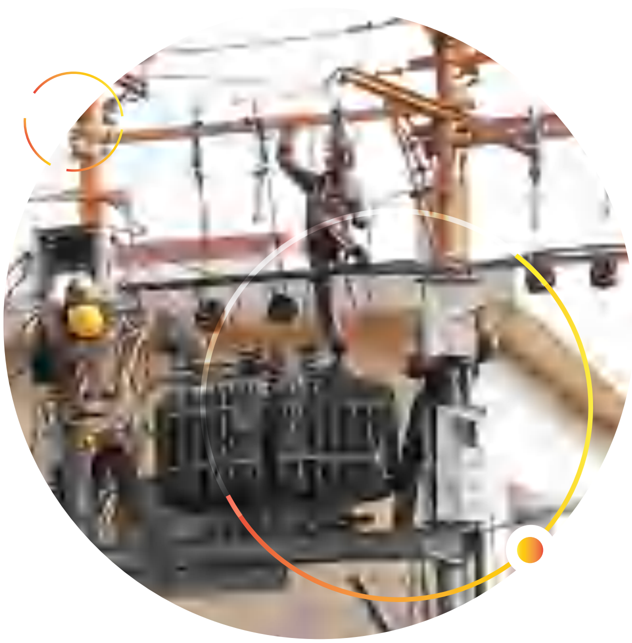
To further improve recoveries and elevate our customers' digital experience, KE has partnered with fintech e-commerce platforms and leading microfinance banks like Easypaisa, Daraz and JazzCash to facilitate cashless smooth payments and simultaneously promoted digital modes of payment by partnering with Foodpanda and BeFiler and arranging discounts on their services. Moreover, KE Live App has been upgraded to offer new services such as facilitating bill payments, new connections, and providing the users with the ease to change their Names/Addresses, etc.

Moreover, for the purpose of asset onboarding in a single source system, electrical intelligence to geographic information system has been added through Arc FM implementation in January 2021 for all HT networks across the distribution network.

To ensure transparency and help key industrial consumers with power quality issues, KE has engaged with Siemens for engineering consultancy services with power quality expertise. The aim of this independent study is to diagnose source of disturbances in interconnected systems and advise mitigation solutions at either ends.

In view of last year's monsoon rains which had caused severe flooding in coastal areas of Karachi resulting in prolonged submersion of KE's distribution infrastructure in water, KE conceived 'Project ENSURE'. This project is in line with KE's broader plan to reduce the risk of damage to critical power infrastructure from water-logging. Under this project, KE has planned phase-wise rehabilitation of its existing distribution network in certain areas focused on building resilience against water ingress. As part of this project, around 22 such substations have been raised along with elevation of 104 RMU, 338 feeder pillar boxes. Additionally, 113 substations have also been renovated. Phase-I currently stands at 98% completion with project conclusion expected by the second quarter of FY 2022. Further, a renowned engineering consultancy, NESPAK, has been onboarded to vet the project's initiatives in terms of design and network improvement and their recommendations are also being implemented.

International Consultancy Services are envisioned for utility transformation at KE to achieve excellence in its Distribution network with respect to safety, reliability, resilience to environment, power quality and losses with a road map for 2023-2030 on network design, standards and specifications, processes, asset management, technological advancements, organisation structure and capacity building.

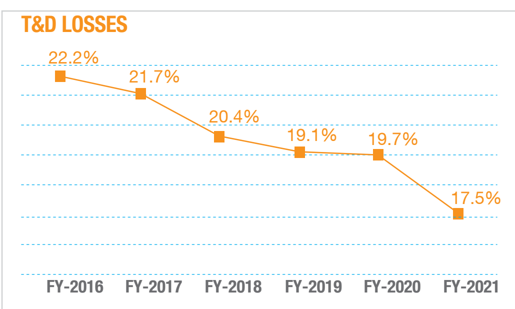


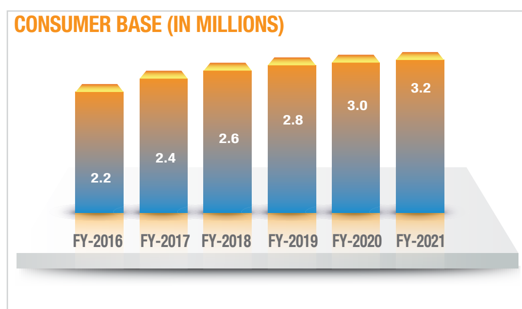
On the lines of transformation and development, KE collaborated with Habib University's Centre of Transdisciplinary Design & Innovation to conduct a 12-week Design Thinking workshop, aspiring to adopt a human-centric approach to improve customer interaction. KE also joined hands with MERALCO Power Distribution Company, Phillipines, for a knowledge-sharing platform on their journey from monopoly to an open market. To recognise MIOs' efforts, an initiative was taken to improve the value created by Meter Inspection Officers by empowering them through training and ensuring better growth opportunities for them.

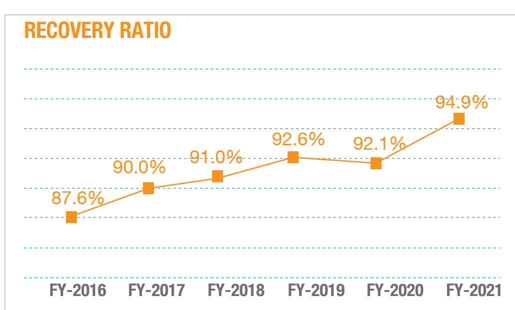
During the year, collaborative efforts were initiated on a policy research paper with LUMS, DUKE Business School, USA, and the American University of Sharjah to study the effects of the Covid-19 pandemic on electricity issues, such as electrical losses, billing recovery, and service delivery, within the framework of KE's distribution system. The outcome of this research led to a comparative analysis on the success of Project Sarbulandi in high-loss areas and developed a case study that is to be published in mainstream media. As a result, a policy brief is in process to mitigate and improve on similar lines.

As part of its wider corporate sustainability and community engagement efforts, KE launched Project Sarbulandi, a two-phased project, in FY 2020 with a vision of eradicating load-shedding in Karachi & improving network quality. Aerial Bundled Cables (ABC) are being rolled out in high-loss areas for this purpose. Around 11,000 Pole-Mounted Transformers (PMTs) have been converted to ABC so far. Via Project Sarbulandi, over five million residents have benefitted through activities that include installation of water filtration plants, school and park renovations, equipment donations (computers, books) etc. The Company has also successfully removed 266,000 kg of hook connections from different high-loss pocket areas along with the installation of around 152,000 meters through Mobile New Connection Van (MNCV) and 80,600 Asaan Meters in targeted areas.

Going forward, the Company has prepared a robust investment plan with targeted initiatives to continue the loss reduction trajectory as well as further improve network reliability and safety.







Customer Experience

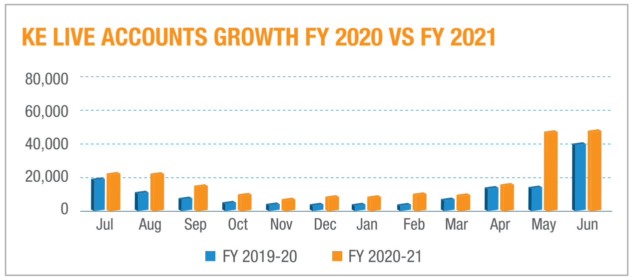
FY 2021 was a transformative year in how KE interacted, engaged, and bonded with its customer base. Aiming for ease and convenience, the organisation refocused its efforts towards the digitalisation of customer services in line with broader modernisation efforts.

During the year, KE became the first power distribution company in Pakistan to introduce dedicated billing services to its customers aged 60 and above. Under the new service, those meeting the criteria just need to call 118 and register complaints, get instalments and request for their duplicate bill, without having to visit a physical location.

KE's traditional customer service platforms of 118 and 8119 SMS continue to be the main drivers of customer engagement. During FY 2021, 83% (4,245,417) of queries were responded to customer within 20 seconds. KE's 118 also saw a 7.83% reduction in calls during the year.

KE's SMS broadcast bandwidth was also enhanced during the year to ensure timely and proactive notifications on planned area outages. There was a 69% increase in broadcasted messages to customers in FY 2021, as compared to that in previous year. This increase was in line with KE's renewed commitment to transparency and providing customers with timely technical updates. Apart from planned outages, the Company now also intimates customers of unplanned outages whenever the outage durations exceed one hour. In total, now 1.5 million customers can be updated via SMS within an hour (149,703,419 messages were broadcast during FY 2021).

The KE Live mobile application continues to grow its user base, with over 349,000 registered accounts as of June 30, 2021. During the year in review, the mobile application had new features added such as bill payments, new connection requests, reconnection requests, change of name and address, and many more.



The Company also continued using digital communication tools, i.e. social media, to engage with stakeholders regularly. Over one million queries were successfully answered via Facebook and Twitter during the fiscal year. With an average response time of three minutes, KE also engaged with residential and non-residential consumers through an enhanced presence on other digital communication platforms such as Instagram, LinkedIn, and YouTube. It has over 460,000 followers on Facebook followed by over 146,500 on LinkedIn, over 130,500 on Twitter, and over 12,500 on Instagram during the fiscal year in review. One of the noteworthy initiatives during the fiscal year in review is the launch of the KE Live Stream broadcast via the Company's social media channels. This has helped KE significantly in the dissemination of information including Company's messages, facts and figures in a live format to concerned stakeholders. KE Live Stream has been well received by stakeholders. It continues to portray that continue to portray KE's image as a futuristic, transparent, responsible and customer-centric corporate entity in the power sector of Pakistan.

Environmental, Social, Governance & Sustainability Management

As a responsible company, KE pursues a robust environment, social, and governance (ESG) framework geared towards creating sustainable communities and business practices. KE actively contributes to the United Nations Sustainable Development Goals, and this year will be publishing its sustainability report in accordance with the GRI Standards. During the year, we executed a myriad of activities which build value for our customers and communities as a whole.

In FY 2021, the Company restructured its 'Social Investment Programme' and launched the "KHI Awards" which recognises organisations making a positive impact on Karachi. The awards included 13 categories to capture a wide range of efforts being made to improve the social landscape of the city. Through a three-phase process audited by Ernst & Young, and including an independent jury, KE will award PKR 4 million in the form of electricity rebates to 34 organisations.

Among other projects, in partnership with The Heritage Foundation and Government of Sindh, KE contributed to the renovation of Denso Hall Rahguzar Landscaped Walking Street and Burns Road respectively. KE also provided system and technology enhancements for Sindh Institute of Urology & Transplantation and The Indus Hospital, benefitting over 850,000 patients.

To support efforts at the federal level to increase green spaces, thereby improving air quality and climate resilience, KE has planted 380,000 trees across Karachi. This includes 100,000 mangroves at Port Qasim. Initiated under its "Plant for Pakistan" program, KE planted these trees in collaboration with the Pakistan Coast Guard, Rangers, Army, and Navy. Through these plantations, KE will offset more than 8,360 metric tons of CO_2 annually.

As part of its diversity and inclusion initiatives, KE also been actively working on initiatives to empower women in its workforce and community. The Roshni Baji Project is a women neighbourhood ambassador program on safety awareness and reducing electricity theft launched in areas of Karachi with high-loss and safety, related incidents. For this project, 40 women were selected from within their communities and in five months reached more than 107,000 households and verified 70% of customer accounts. Through this awareness raising, communities are becoming less vulnerable to electrocution during high monsoon rainfall, urban flooding, and other disasters. To empower these women to carry out these tasks, they were provided with training on communication and social media skills, taught self-defense, and how to drive a motorbike. To increase the women's job security and financial independence, they will be trained to become Pakistan's first female electricians in collaboration with The Hunar Foundation.

Through the Women on Wheels initiative and in partnership with the Salman Sufi Foundation, 130 women are being given motorbike training. The first batch of 30 women has already been trained.

As part of the emergency response for Covid-19, KE partnered with SINA and HANDS to conduct Covid-19 training for healthcare workers, provided PPE to 64 vulnerable communities and healthcare centres, and donated handwashing stations and sanitisation walkways to public areas and hospitals.

Project Sarbulandi

47
medical camps
that treated over 8,500 persons

5
water filteration plants
providing 20,000+
persons access to clean water

Roshni Baji

40
women trained
as Roshni Bajis

107,000
households reached on safety
awareness by Roshni Bajis

Energy Conservation & Efficiency Initiatives

As a responsible energy provider, KE works with its consumers to conserve energy where possible. To achieve this, the Company conducts energy conservation awareness campaigns and voluntary load curtailment initiatives by educating and conducting Energy Audits/Assessments for its energy-intensive consumers. Power Factor Improvement Program (PFIP) is another key area with effective operational optimisation both at the utility and consumer ends.

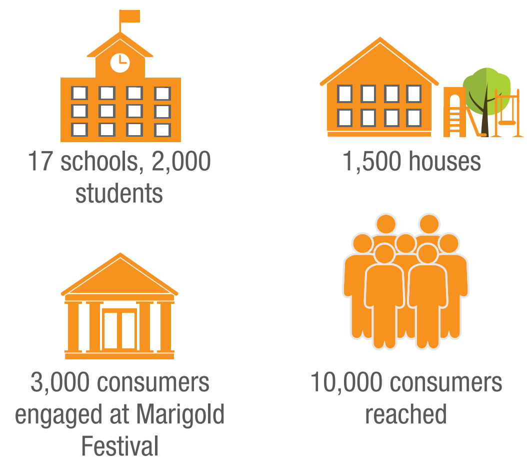
Building awareness about the importance of energy conservation is an important long-term goal. To build this out from the grassroots level, KE's efforts include a comprehensive age-appropriate School Awareness Campaign for children of different grades. The program focuses on educating children on sustainable energy practices from an early age.

Continuing with its rigorous school awareness drive, KE enables school children to develop an informed energy conservation attitude. As part of the 2021 Young Champions campaign, over 2,000 students from 17 schools came together to conserve energy. The sessions also highlighted the importance of saving resources for a greener environment.

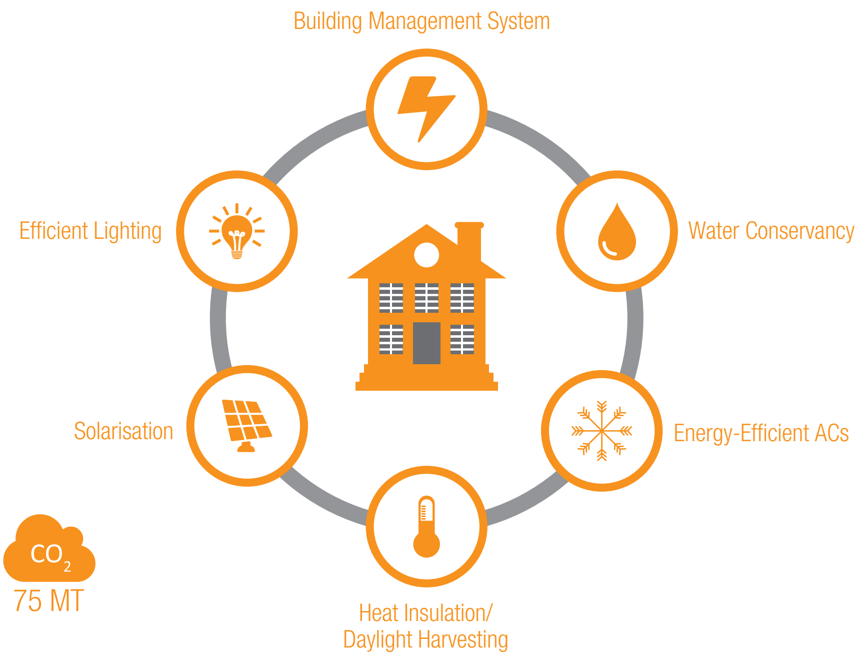
Additionally, efforts to support KE's flagship platform, Project Sarbulandi, were rolled out in the form of a strategic door-to-door campaign, which was launched to keep KE consumers fully engaged and informed of the potential savings they could make by conserving energy. The teams created awareness among residential consumers located in two areas in district Malir, on the importance of understanding the energy consumption patterns of various electrical home appliances, identifying potential energy savings pockets.

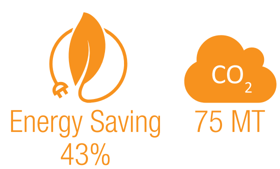
KE also actively participates in public events and places energy conservation kiosks to engage with event attendees. For example, KE's energy conservation booth at the Karachi Marigold festival was able to engage 3,000 consumers who signed a pledge to save energy.

KE actively works to reduce its own carbon footprint by reducing energy consumption in its operations. KE has begun to convert its locations to Green Buildings and promoting efficiency driven initiatives within its workforce. The first-ever LEED gold-certified commercial site in KE, its Tipu Sultan IBC, was launched in December 2020 on World Energy Conservation Day. This building incorporated multiple projects such as BMS, automation, efficient cooling and lighting, water conservancy measures, and dependency on renewables. The building is drawing energy from a 65 kW solar PV system mounted on the roof to further bring down its energy consumption (generating 91,000 kWh of electricity in a year and reducing 39 MT of CO_2 from the atmosphere per annum). It is considered to be 43% more energy efficient than a similar building of the same size and purpose.

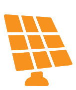


The first-ever LEED gold-certified Customer Care Centre in Karachi, located on Tipu Sultan Road





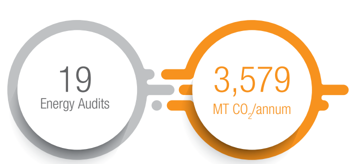
A small PV system of 15 kW was also installed at KE Distribution Network Academy for training purposes and a 40 kW was added on ECD shifting its load on renewables (generating 57,600 kWh of energy and reducing 24.883 MT of CO_2 from the atmosphere per annum).



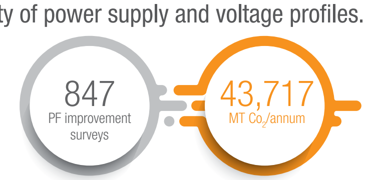
4 installations in FY 2021
Total PV capacity: 120 kW
Annual generation: 172,800 kWh
CO_2 reduction: 74.650 MT CO_2 equivalent

In another initiative, the Company also collaborated with the National Energy Efficiency and Conservation Authority (NEECA) for a national project of phasing out inefficient appliances through proper formulation and implementation of energy standards and labelling scheme for air-conditioners, refrigerators, fans, etc. We plan to increase company-wide energy efficiency awareness and practices and support external parties to do the same via various collaborations.

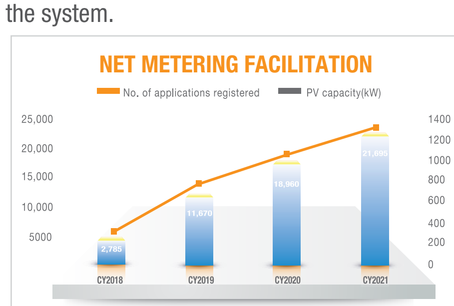
During the year, under the Energy Management Framework of ISO 50001, KE conducted 19 Energy Audits for different large-medium sized industrial and commercial customers. Customers who have optimised load based on KE's recommended energy management solutions led to a combined carbon footprint reduction of 3,579 MT CO_2/annum.



In FY 2021, 847 Power Factor Improvement surveys were conducted. These resulted in a release of 49.4 MVA of apparent power and a carbon footprint reduction of 43,717 MT CO_2/annum. The program is designed to counsel and advise consumers about the benefits of PF improvement and aims to improve quality of power supply and voltage profiles.



KE also facilitates Net Metering on NEPRA's guidelines. In FY 2021, KE actively engaged with consumers and registered 1,777 applications in line with NEPRA's Net Metering guidelines, whereby customers can obtain generation licences to sell their excess electricity back to the power utility. In FY 2021, 1,319 bi-directional meters were installed, whereas since inception 2,370 cases have been completed and a total PV injection of 40.49 MW has been added to the system.



Human Capital & Employee Experience

KE continues to lead the power sector in terms of attracting and investing in the best talent, fuelled by the objective of increasing diversity, driving inclusivity and ensuring operational efficiencies across all levels.

To increase quality of talent within the Company, KE initiated a series of development programs. This includes the LEAD (Leadership Exploration & Development) program which was initiated to assess, identify, and develop leadership skills amongst top performers. The LEAD program prepares leading performers for key critical positions within KE, thus providing the Company with a sustainable talent pool and creating a long-term platform for succession planning. An exclusive development platform called 'Leadership Academy' was launched during the year under which a pool of more than 500 people went through different leadership programs.

For Emerging Talent Program (ETP) 2021, KE partnered with a reputed HR technology firm to select and onboard 43 fresh graduates as Management Trainees and Trainee Engineers. More than 7,000 candidates from all over Pakistan went through a rigorous selection process which included an AI driven gamified assessment process and virtual interviews.

To ensure access to learning opportunities amidst the ongoing pandemic, and build a continuous culture of learning and development, our AZM Learning e-library now consists of more than 200 e-modules on different soft and technical skills.

As our people are the key drivers of our success, KE conducted its first-ever People (Employee) Engagement Survey during the year. An action plan is being developed to address the high-impact focus areas.

With the Covid-19 pandemic posing a threat to our frontline and back-office workers, KE partnered with the Government of Sindh and set up two vaccine centres at its Elander Road and Nazimabad locations. All of KE employees and our contractors, along with eligible dependents aged above 19 were able to get their doses at these locations. As of June 30, 2021, 13,000 employees and their dependents have been vaccinated. KE achieved 100% vaccination in September 2021.

To aid KE's mission of increasing diversity in the organisation, KE became the first energy sector company to hire 5 qualified females as 'Grid Operating Officers' and also launched a project by the name of 'Roshni Baji' which gave an opportunity to 40 women to work as brand ambassadors for improving theft, recovery and safety. To aid the development of aspiring young women, KE hired 10 interns with engineering backgrounds under its Women's Development Program. Furthermore, 7 female apprentices from different technical institutes will be going through an extensive training process where they will gain professional exposure and grooming.

Knowing the importance of digitalisation, particularly now, KE has embarked upon a three-year road map for the digital transformation of its human resource processes and has reached milestones in three major projects this year:

- **Success Factors Employee Central (EC)**
  A next generation cloud-based HR solution under the banner “People Connect” which extends the full range of KE’s HR services portal via the web and a mobile application to all of our people.

- **SAP opentext Extended Enterprise Content Management (xECM)**
  A power sector first, KE has started digitising its HR records using cloud technology. Through this exercise, over two million documents will be uploaded to the cloud.

- **People Connect Tele Clinic**
  In the face of growing exposure risks associated with movements, KE launched a state-of-the-art call healthcare facility for employees and their dependent family members whereby they were provided with online consultation by qualified doctors and other health experts.

Health, Safety, Environment & Quality

To ensure the safety of all stakeholders, KE follows a robust Health, Safety, Environment & Quality (HSEQ) assurance program.

The program covers, but is not necessarily limited to providing safety oversight of all operational activities, conducting safety trainings & fire drills, ensuring environmental compliance, quality inspections and promoting ownership of safety responsibilities. To inculcate a safety-first culture, KE has built a system called Process Safety Management System (PSMS). The system provides focused interventions, addresses identified risks and system gaps, and ensures proper alignment on safety objectives in the organisation.

In FY 2021, KE conducted PSMS gap analysis/benchmarking of KE Safety Management system with the help DuPont Sustainable Solution (DSS). With the vision to implement PSMS across all business units, the Corporate HSEQ (CHSEQ) department developed Standard Operating Procedures (SOPs), Audits & Observations, Integrated Safety Organisation, Incident Investigation and Behavioural Observation Program. In addition to informing employees about the new SOPs, staff is also being trained at all levels for the same.

During the year, 3,440 safety inspections/behaviour-based safety walks were carried out to monitor compliance with against national safety regulations & laws, company safety policies, departmental procedures, and standard best practices. During these inspections, 13,228 observations were made, of which out of which 11,358 (86%) observations were found compliant. In addition, 1,282 new hires were trained through the HSE-Orientation Training Program. As KE operates and maintains power plants and grids, fire safety is also an essential element of the Company's HSEQ program. Regular monitoring is carried out to ensure all fire safety systems, including fire extinguishers, fire alarms, fire suppression systems and firefighting systems across over 100 KE locations are in proper working order. In FY 2021, 37 fire safety inspections were carried out and 127 observations were recorded, of which 82% were found compliant. More than 200 emergency response/fire drills were conducted at all KE locations to ensure effectiveness of Emergency Response Plans.

4,224 employees were also trained for first aid and CPR and 889 first aid boxes were maintained and replenished.

KE has ensured compliance with all the applicable environmental laws and legislations during planning, construction, and operation phases. Environmental Impact Assessments are conducted for new projects. Smooth monitoring and strict supervision with conditions of approval is ensured at the construction sites. Activities impacting the environment are carefully measured and monitored at all five power plants. The compliance status is validated through independent monitors. Environmental performance is measured and enhanced through a system of biannual Environmental Excellence Audits, procedures, and trainings respectively. KE also eliminated polychlorinated biphenyl from its system to comply with Stockholm Convention in partnership with Ministry of Climate Change Pakistan, United Nations Development Program (UNDP) and Global Environmental Facility (GEF).

Sustainability, Environment, Health, Safety & Quality Certifications

Certifications for Generation Stations

- Safety (OHSAS-18001:2007): **TSW**
- Energy Management System ISO-50001: **All power plants; BQPS-I, BQPS-II, SGTPS, KTGTPS & KPCC**
- Environment (ISO 14001:2015): **All power plants; (BQPS-I, BQPS-II, SGTPS, KTGTPS & KPCC), TSW**
- Asset Management System ISO 55001: **BQPS-II, KTGTPS, SGTPS, KPCC**
- Quality Management System (ISO 9001:2015): **(All power plants; BQPS-I, BQPS-II, SGTPS, KTGTPS & KPCC), TSW, GSM&P, RE, Works, SCADA, TeleCom**
- Health & Safety Management System ISO-45001-transitioned from OHSAS-18001:2007 (Occupational Health & Safety Assessment Series): **All power plants: BQPS-I, BQPS-II, SGTPS, KTGTPS & KPCC**

Certifications for Green Infrastructure

- WWF Green Office Certifications: **BQPS-II and KPCC**
- LEED Certification: **Customer Care Centre located on Tipu Sultan Road**

Alignment with UN Sustainable Development Goals

- Signatory to the United Nations Global Compact and its ten principles
- Member of the Global Compact Network, Pakistan

BQPS-II became the first power plant in Pakistan to achieve international Covid-19 shield certification.

CORPORATE GOVERNANCE **AND COMPLIANCE**


ABB

Corporate Governance

Board of Directors’ Role

K-Electric‘s Board of Directors comprises professionals possessing vast knowledge and experience including local and foreign exposure. The KE Board members are fully aware of their fundamental responsibility to safeguard and enhance shareholders’ value and stewardship of the Company’s assets and keep the principal focus on strategic direction, key policy framework, provide oversight in the governance, management and control of the Company’s long-term business plan, setting the goals, objectives and, formulating policies and guidelines towards achieving those goals and objectives and ensure the adoption of best practices of good corporate governance.

The Board is fully cognizant that it is accountable to the shareholders of the Company for discharging its fiduciary duty/ functions in the best interest of the Company. The 13-member Board of the Company includes one Independent Director, three GOP nominated Directors and nine Directors nominated by KES Power Limited (KESP) which is the holding company of KE. The Board of Directors was last elected by the shareholders at the AGM of the Company held on July 30, 2019 for a three-year term which will expire on July 29, 2022. The Board reviews and approves financial performance and financial statements with main focus on the auditor‘s observations, report & recommendations of Audit Committee, business policies and good corporate governance practices, ethics, values and code of conduct & code of corporate governance, annual budget and major capital expenditure programs, internal controls, governance and compliance framework.

It is pertinent to mention that role and responsibilities of the Board have increased manifold with the enforcement of Companies Act 2017, CCG 2019, SECP strict oversight, PSX enhanced regulatory framework and entailing comprehensive and time-lined governance, compliance, reporting and disclosure environment in relation to corporate and other actions. KE Board of Directors is fully aware and cognizant of its duties and responsibilities and, for the purpose, has constituted a number of Directors’ Committees, listed on the Company Information page, to oversee entire functional ambit of the Company and formulate objective recommendations for consideration of the Board. Alongside, the Board has recently engaged an independent external consultant (namely Pakistan Institute of Corporate Governance) to evaluate performance of the Board itself, Board committees and individual Directors to help improve the role of the Board in achieving the strategic objectives of the Company.

Further, the Board is fully aware of its role in between the responsibility and authority matrices of the management and the shareholders; the delicate balance is kept intact by not involving in day-to-day management of the Company and simultaneously placing all significant issues for consideration of the Board and obtaining all shareholder-related statutory approvals in a timely manner. The Board of Directors exercises managerial oversight to provide strategic guidance, whereas day-to-day management and performance of the Company are the responsibility of executives. It is management’s fundamental responsibility to implement the policies, guidelines and strategic direction set by the Board aiming to achieve short and long-term objectives of the Company. By adopting this balanced and prudent approach, the Board not only avoids overlaps, controversies and auditors’ and regulators’ questions but also places itself in a much better position to build and improve shareholders value, key performance indicators, governance and Company’s image.

The Board approved a remuneration policy for Non-Executive Directors in its 1,216th meeting which is in line with the regulatory framework. Appropriate disclosures of the actual fees paid are available in the notes to the financial statements.

SECP requirements for security clearance of foreign Directors are being followed by the Company appropriately.

KE's Directors and leaders have strong belief in best Corporate Governance practices and portraying a true and fair picture of the Company for the knowledge and benefit for all of its stakeholders. KE, in order to facilitate shareholders and traders also conducted an analyst briefing during the financial year. The annual report contains not only legal disclosures, but also robust non-legal disclosures as a facilitation for those who may require information about the Company.

The Chairman of the Board Audit Committee was present at KE’s 110th Annual General Meeting held on November 26, 2020 to answer any possible questions on the audit committee’s activities and matters within the scope of the audit committee’s responsibilities.

The Board Audit Committee is entrusted with the function of Risk Management Committee. The Board has approved the appointment of external consultant for the implementation of the Enterprise Risk Management framework.

KE has a robust orientation program to welcome its new Directors and acquaint them with not only Company's operational activities but also with regards to their duties and responsibilities as defined under Companies Act , 2017, the Rule Book of Pakistan Stock Exchange (PSX), The Listed Companies (Code of Corporate Governance) Regulations 2019 (CCG), the KE Memorandum and Articles of Association as well as the company Code of Conduct. This helps new directors make informed decisions and effectively direct the company.

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

The Board pursues, in letter and spirit, standards and policies laid down under best practices of good corporate governance and is fully cognizant of the importance of separating the positions. In fact, and as a matter of corporate policy, the Company has been electing/appointing, for more than last two decades, separate persons for the positions of Chairman and CEO, and has therefore been compliant, well in advance, of the direction on the subject, under the provisions of Companies Act, 2017 (Section 192) and Code of Corporate Governance 2019 (Regulation 9). Further, in order to ensure abundant clarity and pre-empt any overlap, the respective roles and responsibilities of the Chairman and CEO are distinct, clearly defined and essentially based on the provisions of the Companies Act, 2017 and CCG 2019.

Responsibilities of the Chairman which are provided in the applicable regulatory framework are being followed. The Chairman is appointed from amongst Non-Executive Directors and provides leadership to the Board ensuring that the Board plays an effective role in fulfilling its fundamental responsibilities and setting strategic direction to achieve short, medium-and-long term objectives of the Company to benefit all the stakeholders. The Chairman presides the Board and shareholders' meetings and ensures that the Directors are kept properly informed and all the significant issues and policy matters which are required to be considered and decided at the Board level are presented to the Board and Board's decisions are implemented in a timely manner and that the views of the shareholders are known to the Board.

The annual board evaluation exercise includes an evaluation of the Board collectively, individual Directors, Chairman and CEO. Evaluation is based on Director's responses on various questions relating to composition, Board's & CEO's compensations, procedures, interaction, information, committees, control environment, Chairman and CEO. The Chairman evaluates the performance of individual Directors on the basis of attendance in Board and its committees' meetings, level of participation and value addition through suggestions and recommendations. During the year under review, the Board has engaged a professional consultant to undertake an independent performance evaluation of the Board, its committees and individual directors which would enhance oversight of the Chairman of the Board's performance. The Chairman meets and consults the Directors, especially non-executive and independent ones on a regular basis to discuss corporate governance issues, performance of the Company and conducive environment enabling the Directors to fulfil their fiduciary duties.

Whereas, the role and responsibilities of CEO are primarily based on the fact that CEO assumes the ultimate responsibility of leading the management, operational performance of the Company, handling the day-to-day affairs and implementing the policies, strategies and business plans approved by the Board and risk management alongside custody and maintenance of Company's properties, assets, records and accounts in accordance with set-out policies, statutes, guidelines and standards. CEO's responsibilities and powers are properly defined under the provisions of Companies Act, 2017, KE Memorandum & Articles of Association, General Power of Attorney given by the Board and any other mandate given by the Board from time to time. The CEO is further responsible for smooth functioning of the business and customer satisfaction, and alongside ensuring optimal utilisation of Company's resources and effective implementation of internal controls. CEO's responsibilities further include regularly updating the Board with respect to key performance indicators, business updates, major projects, litigations and initiatives, governance and other issues facing the Company and, to suggest the way forward to align and achieve strategic objectives and materialise business plan of the Company.

Chief Executive Officer is the only Executive Director of the Company. He is not serving as a Director of any other company.

Board's Performance Evaluation

The role of the Board, is a key element, which ultimately determines the future of the company and its positioning among the peers. KE's Board of Directors is therefore fully cognizant of critical importance of its role with main emphasis on setting strategic direction and realising long-term objectives of the Company, upholding interest of all stakeholders. The Board's composition predominantly includes professionals of high repute representing various work streams possessing diversified experience and expertise and fully believe in the importance of globally recognised best practices of good corporate governance. Providing upfront leadership and setting high-performance standards & values are the core ingredients and hallmarks of Board's vision and strategic policy. The Board is fully supported by a team of professional management in all business segments including finance, technical and others.

The Board firmly believes that a formal, objective and effective mechanism for annual evaluation of the Board's own performance, its committees and of individual members is imperative to review, revisit and align the policies and action plan to match ongoing developments and enhance performance of the Company.

As part of the evaluation process, the Board had been seeking views and input of the directors on some basic issues relating to conduct and performance of the Board and rating on certain fundamental yardsticks etc. The Board Human Resource & Remuneration Committee (BHR&RC) is mandated to undertake annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant. Considering BHR&RC recommendations, the Board, during review year, has engaged an external professional consultant for independent evaluation of performance of the Board, Board's committees and individual directors. The evaluation process comprising questionnaires, interviews, open discussions with individual/group of Directors mainly focusing on some of the specific questions relating to performance and conduct of the Board has been shared with the Board.

Fundamentally, the Board's performance evaluation is judged essentially on how effectively and efficiently the Board as a body discharges its primary responsibility to safeguarding and enhancing shareholders' value, and setting policy framework, strategic direction, oversight, control and good corporate governance. In addition, KE, being a public utility in the private sector, it remains under active focus of the citizens of Karachi and the Directors, in addition to having first-hand information about the Company's performance as members of the Board, also comes across independent coverage by electronic, print and social media and customers' direct feedback through emails and other modes. In relation to key performance indicators such as load-shedding, tripping and breakdowns, and billing and customer service-related issues which are used as a yardstick to judge and evaluate the Company's as well as the Board's performance. Further, meaningful participation, objective input of and value addition from Executive, Non-Executive and Independent Directors do provide a judgemental criteria and benchmark for performance evaluation of the Company and the Board.

An informal but effective mechanism for the Board's performance evaluation, is in place essentially based on overall performance of the Company, implementation of strategic policies & business plans, achievement of budget targets and key performance indicators. In every meeting, the Board invariably takes stock of successful achievement of the strategic and business objectives of the Company against set targets, continued compliance with regulatory & corporate compliance requirements and best practices of good corporate governance with added focus on its sustainability strategy.

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

The foregoing sufficiency evidences that a comprehensive, multifaceted, internal & external objective evaluation of Board's performance mechanism is in place and reviewed on periodical basis.

CEO's Performance Review by the Board

The role and responsibilities of the CEO are critically important for successful, commercially viable and sustainable operations of the company. This is a key position in the Company having significant impacts over the performance of the Board and the Company to materialise business plans and achieve operational, financial and strategic objectives of the Company in short, medium and long-term perspective. The CEO is essentially responsible to effectively liaise between the Board and the management and to ensure meaningful communication on regular basis between the management and Board and Board committees with main focus on governance and operational management of the Company in a professional manner, essentially in line with policies and strategic direction set out by the Board to improve Company's performance to benefit all stakeholders.

The Board on recommendations of Board Human Resource & Remuneration Committee (BHR&RC) sets Key Performance Indicators (KPIs) and role and responsibilities of CEO which fundamentally include smooth functioning of the business with optimal utilisation of the Company's resources and effective and timely implementation of Board's directions/decisions, internal controls and improving operational and financial performance of the Company which ultimately determine his performance level.

The CEO's KPIs were discussed at length by BHR&RC in the light of current developments and challenges facing the Company, especially in the wake of post-regulatory regime scenario from 2023 onwards. CEO's KPIs were also extensively discussed at the level of Board discerning the importance the Board places on CEO's performance and the overall performance of the Board and the Company.

CEO's appointment is made by the Board on BHR&RC's recommendations for a three-year term. BHR&RC is further mandated for CEO's performance evaluation for consideration of the Board. Alongside, the Board sets key operational and financial targets and policy guidelines at the time of approving Annual Budget of the Company and reviewing and approving periodical financial statements of the Company. Audit Committee's and external auditor's reports provide a judgemental analysis tool to measure performance of the Company and CEO. The CEO provides leadership to the management team in achieving the set objectives/targets and presents to the Board on quarterly basis a report showing the level of achievement in relation to key budget targets, supported by an objective comparison of actual performance with the budget and last year's performance elaborating variance analysis/justification. Further, in every Board meeting, a business update is invariably presented to the Board by CEO and KE leaders encompassing operational and financial performance of the Company and key issues, major projects, opportunities and challenges facing the Company, suggesting the way forward, seeking Board's guidance to address the issues to uphold the interest of the Company. The Board while reviewing the implementation report on its earlier decisions analyses achievements in terms of timelines, cost estimates and benefits to the Company which, in effect, is tantamount to CEO's performance evaluation in achieving the set targets.

Syed Moonis Abdullah Alvi was appointed as CEO in June 2018. Mr Alvi has a long association with KE since 2008 and served in various important positions in the Company including Company Secretary, CFO, and was instrumental in steering the Company out of extremely difficult operational and financial situation, and staging a turnaround in FY 2012. The Board, in recognition of Mr Alvi's outstanding performance which spans over a decade, elevated him to the position of CEO in June 2018.

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

The foregoing clearly indicates that a comprehensive multipronged mechanism of CEO's performance evaluation is in place with a review and monitoring process.

Conflict of Interest Policy

Managing and addressing conflict of interest issues is at the core of best practices of good corporate governance across the world. There exists international recognition over critical importance that a comprehensive conflict of interest policy be a fundamental prerequisite to ensure transparency in awarding major contracts and key agreement in the sole interest of the Company and its stakeholders. KE's Board of Directors has a firm belief in having a structured conflict of interest policy and has placed this policy among the highest priority areas. Further, the Board sets main emphasis on enforcement of the policy in letter and spirit across the Company. The policy invariably envisages identification, disclosure, monitoring and managing conflict of interest relating to Board members and officers of the Company. The Company's policy is fundamentally driven through the direction and guidelines provided by the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations 2019, and further encompassing KE's specific issues and the environment in which the Company is operating. In order to further strengthen the policy, the Board, after extensive discussions at management and BHR&RC levels, has approved and enforced a comprehensive Code of Conduct setting high general and company-specific ethical standards, best practices of good corporate governance and enabling mechanism with main focus to uphold interest of the Company and all the stakeholders. Conflict of interest policy is at the core of Code of Conduct as the Board is fully cognizant of its role in this regard and firmly believes that this is an integral part of good corporate governance.

The conflict of interest policy makes it mandatory for every Director to formally disclose and provide to the Company, at the time of his/her appointment along with consent, a signed declaration detailing therein all contracts, agreements and arrangements in which he/she is interested directly or indirectly and to immediately disclose any subsequent addition/change, thereof. Disclosure of the said interest is placed in the very next Board meeting ensuring that the interested Director does not participate in voting/discussion on the subject. Requirement of specified number of independent directors to constitute quorum in a board meeting discussing the said agreements, etc., is ensured.

Alongside, the policy also makes it mandatory for every officer of the Company, who is in any way, directly or indirectly, concerned or interested in any contract or arrangement with the Company, to submit a signed notice of interest disclosing his/her interest as above and obtain approval of the Board prior to entering into any such contract or arrangement. Discussion/decision on the said notice of interest, by the Board member/officer, is duly recorded in the minutes of meeting and entered into a statutory register maintained for the purpose and audited by statutory auditors as a part of the audit process. Further, as a part of statutory requirement, all transactions with related parties are duly approved by the Board Audit Committee and Board of Directors and properly disclosed in the financial statements of the Company.

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

The Company highly values equity investment by the shareholders as well as prospective investors who collectively constitute the capital base of the Company enabling formation and sustainable operation of the Company. Therefore, Investors' Relation policy is a key policy of the Company which is fundamentally based on recognition on the part of the Company to equity contribution of present and prospective investors setting a uniform standard and emphasis, irrespective of quantum of investment.

As a part of the policy, the Company informs and updates, on a regular basis, the shareholders and investors on Company's affairs and for the purpose; the Company maintains and updates a comprehensive website and "Investors Relations" segment on its website essentially designed to provide shareholders and investors with key financial and operational highlights, material information, key projects and other corporate and regulatory updates to help make known and timely investment decisions. KE's website provides information over and above the regulatory requirements and instant updates is the hallmark of the policy to make timely investment decisions.

All material and price sensitive information and disclosures are immediately updated on Company's website with simultaneous statutory corporate announcements through SECP and PSX channels. In addition, specific queries of the shareholders and investors including grievances and requests for information/documents are dealt with by Corporate Affairs Team in a professional and proactive manner. With an objective to facilitate and encourage shareholders and prospective investors to provide their feedback/suggestions/queries/complaints and requests for any information/document, Investor Relation segment designates and specifies complete details of the contact person of the Company in addition to the links to SECP's Service Desk and investor education portal 'JamaPunji' and Pakistan Stock Exchange (PSX). Alongside, internal controls and monitoring mechanism are in place to ensure that personal, telephonic, emailed and written requests of the shareholders and/or prospective investors and letters received through SECP or PSX are given prioritised attention leading to prompt resolution and response to the concerned.

Policy for Safety of Records

Safety, preservation and easy access to/availability of constitutional, legal and corporate records is a prime requirement and statutory responsibility of every company. However, the exercise is relatively easy for companies incorporated during last four decades since Information Technology (I.T.) infrastructure has been in place facilitating upfront automation of Company's records from the date of incorporation.

However, situation at K-Electric is fundamentally different. The Company is now a 108 years old company incorporated way back in 1913 and therefore carries historical and valuable records relating to over a century period reflecting various arenas moving from pre-partition, post-partition, nationalisation to privatisation, covering substantial periods when IT facilities were not available and records had to be maintained in physical form. Due to KE's unique position, historical background and being a public utility company, importance of preservation and safety of its records increase manifold. The Company is fully cognizant of the said importance and therefore policy of the Company for safety of records is primarily designed to preserve the essential documents for periods beyond the statutory time limits set under the Companies Act, 2017 and applicable Regulations. Given the age of the Company and periods when electronic means and facilities were non-existent, most of the records was in physical form and prone to deface. The records include constitution documents, legal, corporate and property title documents, original contracts/agreements, financial statements, share certificates, statutory registers, minutes and policy decisions taken in the meetings of Board of Directors and shareholders and others. The policy framework encompasses defining and identifying essential documents and then categorising these documents on the basis of valuation in terms of corporate, legal, financial importance and validity, and then the documents are accordingly earmarked for appropriate storage facility.

All the functions and departments across the Company are meaningfully engaged in the identification and categorisation process relating to their specific activity area. Based on such an identification and categorisation process, valuable original property title documents, constitution documents, key agreements, statutory registers and others are prioritised for permanent safe custody in fire-proof cabinets.

Company is in the process of re-certification of ISO 27001:2013 of Information Security Management System (ISMS). Through this Management System, it ensures that adequate policies, procedures, and standards are in place for ensuring the safety of records throughout the Company's systems. These policies and their implementation are regularly subject to internal and external audits.

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

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

Risk Management

KE's risk governance structure, under the supervision of Board of Directors (BOD), ensures the existence of and the accountability for an effective and timely management of risks across the Company. Board Audit Committee, as empowered by BOD, is responsible for ensuring the compliance and effectiveness of the risk management framework.

A dedicated Risk Management function is established to strengthen risk culture across the Company by implementing a robust Enterprise Risk Management Framework in line with best practices.

Business Continuity Plan

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

Disaster Management Plan

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

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

Report of the Board Audit Committee For the year ended June 30, 2021

Composition

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

Role of the Committee

The role of the Board Audit Committee (BAC) in the context of Board's broader governance framework is to monitor the integrity of financial information and provide comfort to the Board that Company's internal controls and risk management framework are appropriately designed, implemented and regularly reviewed. The terms of reference of the Committee are duly approved by the Board and are available in the annual report.

Committee's Procedures

The Committee reviews the Company's financial performance, key performance indicators and reports of internal audit. The Committee met eight times during the financial year ended June 30, 2021. In compliance with the corporate governance guidelines, the Committee meets external and internal auditors at least once in a year without the management team.

Internal Audit

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

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

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

A Whistle Blowing Committee has also been established during the year headed by Chief Internal Auditor, which handles serious concerns reported by employees, customers, vendors or others associated with the Company pertaining to matters such as breach of law and company policies, improper conduct, suspected fraud etc. The Whistle Blowing Committee reports to the Board Audit Committee.

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

Risk Management

The Company has established a Risk Management function being the second line of defence which is responsible to assess the level of entity-wide risks faced by the Company. Risk Management is given priority at KE and Chief Risk Officer along with senior management are responsible to inculcate risk culture across the organization and reporting of risk profile and risk mitigation strategies to BAC on periodic basis.

External Audit

The external auditors of the Company have completed their audit of the Company's Financial Statements and Statement of Compliance with Code of Corporate Governance for the year ended June 30, 2021. The Committee has reviewed and discussed key audit matters and observations with external auditors, and they have been allowed direct access to the Committee to ensure their independence and objectivity. The Committee also met with the external auditors without the management team.

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

The Committee undertakes a periodic review of the appointment of external auditors, taking into consideration number of factors such as, assessment of past performance, quality of ongoing discussions and the length of time the firm has been engaged for. Based upon the results of the evaluation, the Committee has recommended to the Board the re-appointment of M/s A.F. Ferguson & Co. as the external auditors of KE for the year ending June 30, 2022.

Mr Khalid Rafi
Chairman, Board Audit Committee

Date: September 10, 2021

Statement of Compliance

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

K-Electric Limited

for the year ended June 30, 2021

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

1. The total number of Directors as at June 30, 2021 are 13 as per the following:

a.	Male:	12
b.	Female:	01

The female Director was appointed on the Board effective May 28, 2021.

2. The composition of the Board as at June 30, 2021 is as follows:

i.	Independent Director	01
ii.	Non-Executive Directors	11
iii.	Executive Director	01

The Company has one (1) Independent Director instead of one third of the total members of the Board as required by these Regulations. The Company has applied to the Securities and Exchange Commission of Pakistan for relaxation from the requirement of these Regulations.

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

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

5. The Board has developed a vision/mission statement, overall corporate strategy, and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations;

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

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

9. At present, out of thirteen (13) Directors on the Board, seven (7) Directors have acquired the Directors Training Program (DTP) certifications, and one (1) director is exempt from DTP having completed 15 years working experience with a listed company.

10. During the year, there was no fresh appointment of the Chief Financial Officer (CFO) or Head of Internal Audit (HoIA) . The Board has approved the appointment of the Company Secretary effective from June 1, 2021. Revision in the remuneration of the CFO, HoIA and the Company Secretary for the year ended June 30, 2021 was made as per the Company policy in line with their terms of appointment.

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

12. The Board has formed committees comprising the following members:

a. Board Audit Committee (BAC)

01- Khalid Rafi, Independent Director	Chairman
02- Ch. Khaqan Saadullah Khan	Member
03- Mubasher H. Sheikh	Member
04- Syed Asad Ali Shah	Member

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

01- Khalid Rafi, Independent Director	Chairman
02- Ch. Khaqan Saadullah Khan	Member
03- Shan A. Ashary	Member
04- Syed Moonis Abdullah Alvi, CEO	Member

c. Board Finance Committee (BFC)

01- Ruhail Muhammad	Chairman
02- Ch. Khaqan Saadullah Khan	Member
03- Dr Ahmed Mujtaba Memon	Member
04- Shan A. Ashary	Member

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

01- Ch. Khaqan Saadullah Khan	Chairman
02- Adeeb Ahmad	Member
03- Jamil Akbar	Member
04- Shan A. Ashary	Member
05- Syed Moonis Abdullah Alvi, CEO	Member
06- Waseem Mukhtar	Member

e. Board Regulatory Affairs Committee (BRAC)

01- Shan A. Ashary	Chairman
02- Ch. Khaqan Saadullah Khan	Member
03- Syed Asad Ali Shah	Member
04- Syed Moonis Abdullah Alvi, CEO	Member

f. Board Special Committee (BSC), constituted on September 7, 2020

01- Waseem Mukhtar	Chairman
02- Ch. Khaqan Saadullah Khan	Member
03- Dr Ahmed Mujtaba Memon	Member
04- Ruhail Muhammad	Member

Board Risk Management & Safety Committee (BRM&SC) was merged with Board Audit Committee effective October 27, 2020, as approved by the Board. No meeting of BRM&SC was held by that time.

Board Special Committee (BSC) was formed to inter alia review the performance of the Company during the rainspell of 2020, identify gaps and suggest remedial course of action.

13. The terms of reference (TORs) of the BAC, BHR&RC, BFC and BS&PC have been formed, documented, and advised to the committees for compliance; the TORs of BRAC are in approval process.

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

	Committee	Number of meetings				
		Q1	Q2	Q3	Q4	Total
a.	Board Audit Committee (BAC)	2	3	2	1	8
b.	Board Human Resource & Remuneration Committee (BHR&RC)	-	2	2	1	5
c.	Board Finance Committee (BFC)	1	-	-	-	1
d.	Board Strategy & Projects Committee (BS&PC)	3	1	2	2	8
e.	Board Regulatory Affairs Committee (BRAC)	2	-	1	1	4
f.	Board Special Committee (BSC)	5	-	-	-	5

No meeting of BRM&SC was held up to the time it was merged with BAC on October 27, 2020.

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

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

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

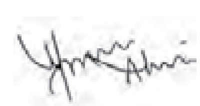
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with except for the matters stated in paragraphs 1 and 2 above; and

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

    i. Related party transactions for the first three quarters of the year were placed before the Audit Committee and the Board of Directors for their recommendation and their review and approval subsequent to the year-end simultaneously with the placement of the related party transactions for the fourth quarter of the year.

For and on behalf of the Board of Directors

Shan A. Ashary
Chairman



Syed Moonis Abdullah Alvi
Chief Executive Officer

Date: September 10, 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF THE K-ELECTRIC LIMITED

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of K-Electric Limited (the Company) for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

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

S. No.	Reference	Description
(i)	Paragraphs 1 & 18	The female director was appointed on the Board effective May 28, 2021.
(ii)	Paragraphs 2 & 18	The Company has one (1) independent director instead of one third of the total members of the Board of Directors, as required under the Regulations. The Company has applied to the Securities and Exchange Commission of Pakistan for relaxation from this requirement of the Regulations.

A.F. Ferguson & Co.
Chartered Accountants

Karachi

Date: September 17, 2021

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

▪ KARACHI ▪ LAHORE ▪ ISLAMABAD

Shariah Review Report for K-Electric Sukuk 5 under Shariah Governance Regulations, 2018

In pursuance to sub-regulation (3) of regulation 20 under SECP, Shariah Governance Regulations 2018, this Shariah Review Report is for the year ended June 30, 2021, with reference to KE Sukuk 5 amounting to PKR 25 Billion having tenure of 7 years, with redemption in 20 quarterly instalments, and quarterly profit payment at three months KIBOR plus 1.70%.

Based on the Shariah Compliance Report (SCR) Reference # ESAAC/KE/20210709/087 issued by Ehsan Shariah Advisors and Consultants Private Limited, who are appointed by K-Electric for Shariah Compliance review, this Shariah Review Report was concluded after a detail review of the relevant documents, procedures and Shariah guidelines, mechanism and Sukuk structures.

(a) in our opinion, the transactions, relevant documentation and the procedures adopted have been in accordance with principles of Shariah;

(b) in our opinion, the affairs have been carried out in accordance with rules and principles of Shariah, and specific Shariah opinion issued by the Shariah Board/Advisors from time to time; and

(c) in our opinion, no charity for any earnings that have been realized from sources or by means prohibited by Shariah was due for credit to the charity account.

Issued by:

Mufti Muhammad Yahya Asim **Shariah Advisor**	**Dr. Ejaz Samadani** **Shariah Advisor**	**Dr. Muhammad Zubair Usmani** **Shariah Advisor**

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

This Statement of Compliance (the Statement) for the year ended June 30, 2021, is being presented to comply with the requirements under the Public Offering Regulations, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP).

The financial arrangements, contracts and transactions, entered into by K-Electric Limited (the Company) in respect of KE Sukuk 4 amounting to PKR 22,000 million and KE Sukuk 5 amounting to PKR 25,000 million for the year ended June 30, 2021 are in compliance with the Sukuk features and Shariah requirements in accordance with the Public Offering Regulations, 2017.

We also confirm that:

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

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

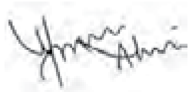
- The Company has a process to ensure that the management and where appropriate those charged with governance, and personnel responsible to ensure the Company's compliance with the Sukuk related features and Shariah requirements are properly trained and systems are properly updated.

The Sukuk features and Shariah requirements shall mean the following:

- Compliance with the requirements of the Fatwa (Shariah opinion) dated February 6, 2015 and December 6, 2019 issued by the Shariah Advisory Board for KE Sukuk 4 and KE Sukuk 5, respectively.

- The Company is in compliance with Shariah principles in terms of the documents listed in Fatwa dated February 6, 2015 and December 6, 2019 for KE Sukuk 4 and KE Sukuk 5, respectively.

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



Syed Moonis Abdullah Alvi
Chief Executive Officer
Karachi

Date: September 16, 2021

Independent Assurance Report to the Board of Directors on the Statement of Compliance with the Public Offering Regulations, 2017 for the year ended June 30, 2021

Scope of our Work

We have undertaken a reasonable assurance engagement to express a conclusion on the annexed K-Electric Limited's (the Company) Statement of Compliance in respect of KE Sukuk 4 and KE Sukuk 5 amounting to PKR 22,000 million and PKR 25,000 million, respectively (together 'the Sukuks') with the requirements of the Public Offering Regulations, 2017 as notified by the Securities and Exchange Commission of Pakistan (SECP) for the year ended June 30, 2021 (the Statement).

Applicable Criteria

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

Responsibility of the Company's Management

The responsibility for the preparation and fair presentation of the Statement (the subject matter information) and for compliance with the features and Shariah requirements of the Sukuks in accordance with the requirements of the Public Offering Regulations, 2017 is that of the management of the Company. The management is also responsible for the design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant documentation/records. The management is also responsible to ensure that the personnel involved are conversant with the Criteria for the purpose of the Company's compliance.

Our Independence and Quality Control

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, And Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of Independent Assurance Provider

Our responsibility in connection with this engagement is to express our conclusion on the Statement based on our independent assurance engagement, performed in accordance with the International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the engagement to obtain reasonable assurance about whether the annexed Statement reflects, in all material respects, the status of the Company's compliance with the features and Shariah requirements of the Sukuks in accordance with the requirements of the Public Offering Regulations, 2017 and is free from material misstatement.

The procedures selected by us for the engagement depend on our judgment, including an assessment of the risks of material non-compliances with the Criteria. In making those risk assessments, we considered and tested the internal control relevant to the Company's compliance with the Criteria in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. We have designed and performed necessary verification procedures for gathering sufficient appropriate evidence to determine that the Company was not materially non-compliant with the Criteria.

Our procedures applied to the selected data primarily comprised of:

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

- Verification of the Sukuks related transactions on a sample basis to ensure the Company's compliance with the Criteria during the year ended June 30, 2021;

- Review of Shariah structure, transaction documents and Shariah approval letters issued by the Shariah Advisor of the Sukuks; and

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

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

Conclusion

Based on our reasonable assurance engagement, in our opinion, the Statement reflects, in all material respects, the status of the Company's compliance with the features and Shariah requirements of the Sukuks in accordance with the Public Offering Regulations, 2017 and is free from material misstatement.

Restriction on use and distribution

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

A. F. Ferguson & Co
Chartered Accountants

Karachi

September 17, 2021

Statement of Compliance with the Shariah Governance Regulations, 2018

This Statement of Compliance (the Statement) for the year ended June 30, 2021, is being presented to comply with the requirements under the Shariah Governance Regulations, 2018 (the Regulations) issued by the Securities and Exchange Commission of Pakistan (SECP).

The financial arrangements, contracts and transactions, entered into by K-Electric Limited (the Company) in respect of KE Sukuk 5 (the Sukuk) amounting to PKR 25,000 million for the year ended June 30, 2021 are in compliance with the Sukuk features and Shariah requirements in accordance with the Regulations.

We also confirm that:

- The Company has established procedures and processes for all Sukuk related transactions to comply with Sukuk features and Shariah requirements.
- The Company has implemented and maintained such internal control and risk management system, that the management determines necessary to mitigate the risk of non-compliances of the Sukuk features and Shariah requirements, whether due to fraud or error.
- The Company has a process to ensure that the management and where appropriate those charged with governance, and personnel responsible to ensure the Company's compliance with the Sukuk related features and Shariah requirements are properly trained and systems are properly updated.

We also confirm that the Company in respect of the Sukuk is in compliance with:

- rules, regulations and directives issued by the SECP;
- pronouncements of Shariah Advisory Board;
- requirements of the applicable Islamic Financial Accounting Standards as notified by the SECP, if any; and
- approvals and rulings given by the Shariah Advisor of the Sukuk which are in line with the Regulations and in accordance with the rulings of Shariah Advisory Board.

Syed Moonis Abdullah Alvi
Chief Executive Officer
Karachi

Date: September 16, 2021

Independent Assurance Report to the Board of Directors on the Statement of Compliance with the Shariah Governance Regulations, 2018

for the year ended June 30, 2021

1. Scope of our Work

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (the SECP) has required in terms of its Shariah Governance Regulations, 2018 (the Regulations) for assessing compliance of K-Electric Limited's (the Company) financial arrangements, contracts and transactions, in relation to the Sukuk-5 amounting to PKR 25,000 million (the Sukuk), having Shariah implications with the Shariah principles (criteria specified below) for the year ended June 30, 2021. This engagement was conducted by a multidisciplinary team including assurance practitioner and independent Shariah scholar.

2. Applicable Criteria

The Criteria for the assurance engagement, against which the Statement of Compliance with the Shariah Governance Regulations, 2018 for the year ended June 30, 2021 (the Statement) (underlying subject matter information) is assessed comprises of compliance with the features and Shariah requirements of the Sukuk in accordance with the requirements of the Regulations. Our engagement was carried out as required under Regulation 21 of Chapter VII of the Regulations in the light of the following:

(a) rules, regulations and directives issued by the SECP;

(b) pronouncements of the Shariah Advisory Board;

(c) Shariah Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions, as adopted by the SECP, if any;

(d) requirements of the applicable Islamic Financial Accounting Standards as notified by the SECP, if any; and

(e) approvals and rulings given by the Shariah Advisor of the Company in line with the Regulations and in accordance with the rulings of the Shariah Advisory Board.

3. Responsibility of the Company's Management

The responsibility for the preparation and fair presentation of the Statement (the subject matter information) and for compliance with the features and Shariah requirements of the Sukuk in accordance with the requirements of the Regulations is that of the management of the Company. Further, the Company's management is responsible to ensure that the financial arrangements, contracts and transactions, in relation to the Sukuk, having Shariah implications, entered into by the Company and related policies and procedures are in compliance with the Shariah principles as per the Criteria. The management is also responsible for design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records. The management is also responsible to ensure that the personnel involved are conversant with the Criteria for the purpose of the Company's compliance.

4. Our Independence and Quality Control

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, And Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

5. Responsibility of Independent Assurance Provider

Our responsibility in connection with this engagement is to express our conclusion on the Statement based on our independent assurance engagement, performed in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements other than audits or reviews of historical financial information', issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the annexed Statement reflects, in all material respects, the status of the Company's compliance with the features and Shariah requirements of the Sukuk in accordance with the requirements of the Shariah Governance Regulations, 2018 and is free from material misstatement.

The procedures selected by us for the engagement depend on our judgement, including an assessment of the risks of material non-compliance with the Criteria. In making those risk assessments, we considered and tested the internal control relevant to the Company's compliance with the Criteria in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. We have designed and performed necessary verification procedures on various financial arrangements, contracts and transactions having Shariah implications and related policies and procedures based on judgmental and systematic samples with regard to the compliance with the Criteria.

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

6. Conclusion

Based on our reasonable assurance engagement, in our opinion, the Statement reflects, in all material respects, the status of the Company's compliance with the features and Shariah requirements of the Sukuk in accordance with the requirements of the Shariah Governance Regulations, 2018 and is free from material misstatement.

7. Restriction on use and distribution

This report is issued in relation to the requirements as stipulated under Regulation 21 of Chapter VII of the Shariah Governance Regulations, 2018 and is not to be used for any other purpose. This report is restricted to the facts stated herein and the annexed Statement.

A. F. Ferguson & Co
Chartered Accountants

Karachi

Date: September 17, 2021

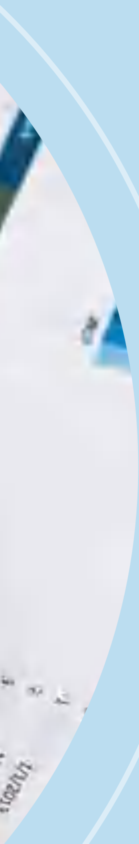
Major Business Risks & their Mitigation

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

Major Business Risk	Mitigation
Gas and fuel shortage (Raw material)	• Active collaboration with GOP and SSGC for adherence to gas allocation policy and for the signing of long-term Gas Supply Agreement (GSA). • Fuel Supply Agreement (FSA) with PSO and BYCO. • Investing in renewable energy and alternative fuels. • Maintenance of adequate furnace oil stock reserves. • GSA with PLL for 150 MMCFD RLNG supply
Technical Power interruption at suppliers' end resulting in increased power outages	• Implementation of cross-trip scheme and operations of 220KV in split mode • Addition of new interconnections to improve system reliability and power transmission capacity
Circular debt situation	• Regular meetings and extensive follow-ups with the GOP and all stakeholders to resolve the issue, as the circular debt situation is hampering the Company's ability to accelerate the pace of investments in power infrastructure. • Effectively managing the liquidity gaps through borrowings.
Non recovery of outstanding dues from chronic defaulters	• KE has implemented disconnection policy and regular reviews of receivable balances with rigorous follow up through different means including SMS reminders, follow-up calls or disconnections. • Introduction of various recovery schemes for collections from non-paying consumers.

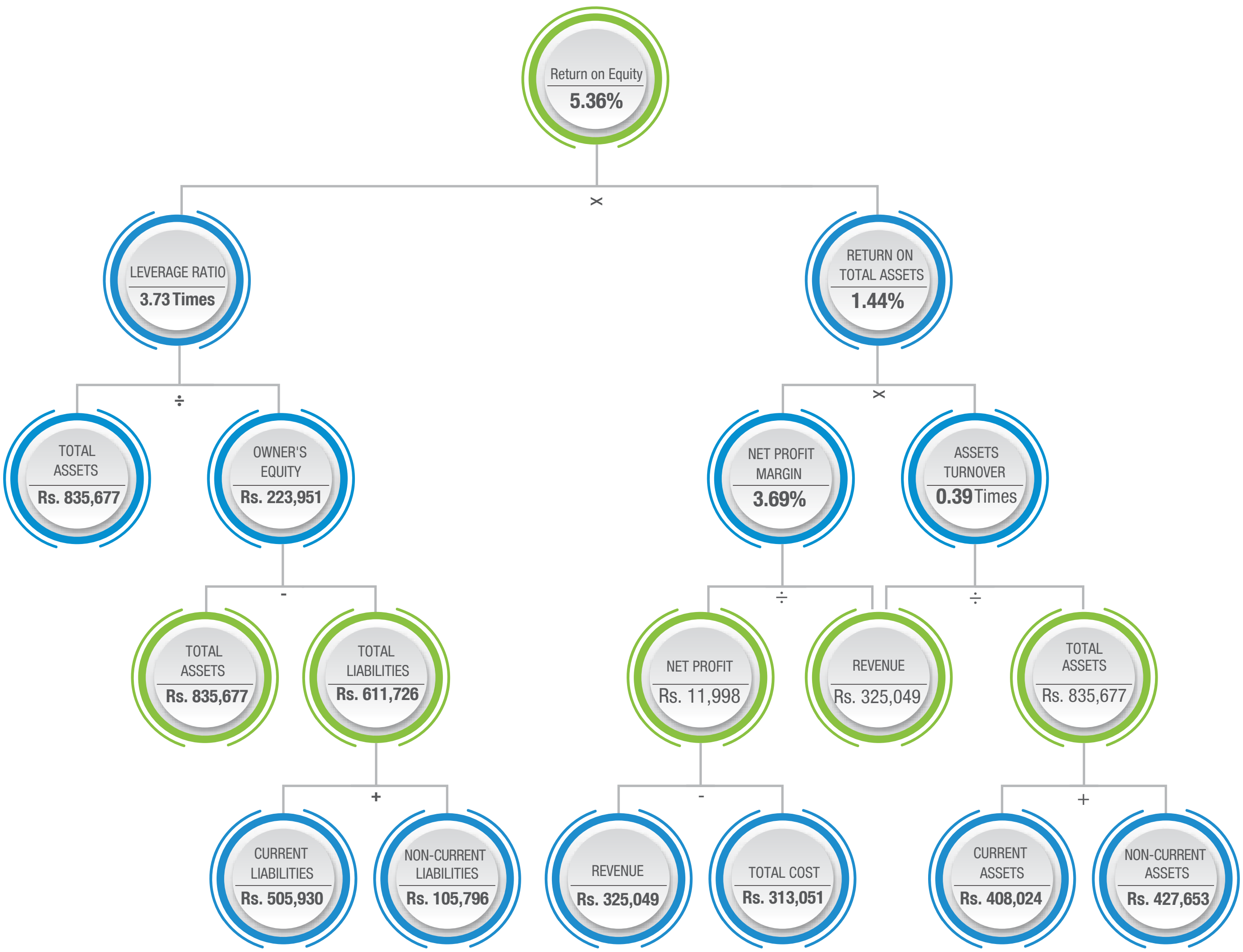
Major Business Risk	Mitigation
Regulatory risk	• KE engages in regular interactions/dialogues with NEPRA to implement regulatory framework in a manner that supports business viability, continued investments across the value chain and improved consumer service. • Provisioning of timely information/data to NEPRA for greater transparency. • Legal advices obtained in support of KE's stance on implementation issues with NEPRA, wherever required.
Safety and climate risk	• Implementation of safety standards with compliance of ISO 9000, ISO 14000, ISO 55001(AIMS) and OHSAS 18000 in Generation. • Insurance policy covers assets against major possible risks. • Established disaster recovery/business continuity plans in place. • Health and Safety Management System, including Safety and Operational SOPs & Manuals, Trainings, HIRA of operational activities, Safety Audits and Public Accident Prevention Plan • Awareness Campaign through CSR and Media
Foreign currency exchange rate risk	• Hedging all long term foreign currency loans.
Non–compliance of statutory & regulatory requirements, company values and standard of governance	• Rigorous checks on latest updates in regulatory framework are carried out to prevent any breach of law. • Resourcing policies designed and implemented are aligned with business strategy and corporate values. • An organisation-wide vision and value training program executed for all employees at all levels. • Code of conduct is mandatory to be signed by all employees.
Loss of trained and high potential employees	• Succession planning has been emphasized at all critical levels throughout the organization, together with culture of employee training and development • Various talent induction programs are also in place.
IT security risk	• IT controls are in place to prevent unauthorized access to confidential information • Regular IT audits and trainings are conducted to monitor and minimize the risk of breaches, errors, or other irregularities. • Dedicated Security Operations Centre (SOC) for 24x7x365 security monitoring.

FINANCIAL PERFORMANCE



DuPont Analysis for the year 2021

(PKR in millions)



Statement of Cash Flows Direct Method

	2021	2020
	(Rupees in '000)	
Cash flows from operating activities		
Cash receipts from customers	302,915,873	238,337,550
Subsidy Receipt	6,540,000	25,500,000
Cash paid to suppliers, employees and others	(252,677,700)	(219,160,567)
Cash generated from operations	56,778,173	44,676,983
Employee retirement benefits paid	(1,731,671)	(829,853)
Income tax paid	(2,744,078)	(3,294,511)
Receipts in deferred revenue	5,076,643	3,605,876
Finance cost paid	(14,868,433)	(21,624,884)
Payments made in respect of out of court settlements	(52,900)	(16,600)
Workers' profits participation fund paid	(432,378)	(998,330)
Interest received on bank deposits	231,891	346,902
Long term loans	2,664	2,676
Long-term deposits	(486)	2,476
Net cash generated from operating activities	42,259,425	21,870,735
Cash flow from investing activities		
Capital expenditure incurred	(76,566,596)	(49,918,613)
Proceed from disposal of fixed assets	2,283,807	507,529
Subscription of share capital in subsidiary	(182,100)	-
Net cash used in investing activities	(74,464,889)	(49,411,084)
Cash flow from financing activities		
Proceed from / (Repayment of) long-term diminishing musharaka - net	(3,241,590)	19,174,852
Long-term financing - net	(851,972)	7,289,517
Lease payments - net	(45,215)	(33,223)
Short-term borrowings - net	25,052,730	(149,845)
Security deposit from consumers	1,147,489	910,529
Net cash used in financing activities	22,061,442	27,191,830
Net increase in cash and cash equivalents	(10,144,022)	(348,519)
Cash and cash equivalents at the beginning of the year	(25,835,525)	(25,487,006)
Cash and cash equivalents at the end of the year	(35,979,547)	(25,835,525)

Six Year Performance

Description	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
OPERATIONAL PERFORMANCE			(Units in GWh)			
Units Generated - Gross	10,323	10,147	10,338	10,727	10,358	10,938
Units Generated - Net	9,563	9,374	9,557	9,928	9,629	10,186
Units Purchased	6,981	7,206	7,862	7,769	8,158	9,301
Units Sent out	16,544	16,580	17,419	17,697	17,787	19,487
Units Billed	12,865	12,981	13,860	14,318	14,277	16,069
T&D loss (in percentage)	22.2%	21.7%	20.4%	19.1%	19.7%	17.5%
SUMMARY OF STATEMENT OF PROFIT OR LOSS			(RUPEES IN MILLIONS)			
	Restated					
Revenue	188,607	183,855	217,127	289,119	288,807	325,049
Purchase of electricity & consumption of fuel and oil	111,576	123,132	149,325	215,770	219,470	240,181
O&M Expenses	50,592	56,264	57,194	60,712	60,156	66,641
Gross Profit	57,155	39,521	45,297	50,706	43,893	59,195
Financial Charges	5,100	3,609	3,236	6,285	16,737	11,113
Other Income / (Charges)	3,611	7,862	6,348	2,531	7,914	8,232
Profit before Finance Cost	30,051	12,321	16,956	15,167	17,096	26,459
Profit before taxation	24,951	8,712	13,719	8,883	359	15,346
Profit / (Loss) after taxation	31,807	10,419	12,312	17,274	(2,959)	11,998
EBITDA	43,035	25,818	32,422	31,236	36,684	45,867
SUMMARY OF STATEMENT OF FINANCIAL POSITION			(RUPEES IN MILLIONS)			
	Restated					
Non-Current Assets	223,576	237,981	277,733	326,857	364,369	427,653
Current Assets	154,222	157,962	195,965	272,008	339,045	408,024
Total Assets	377,798	395,943	473,698	598,865	703,414	835,677
Share Capital & Reserves	171,288	184,316	207,293	214,490	210,658	223,951
Non - Current liabilities	60,532	53,822	60,451	89,027	113,289	105,796
Current liabilities	145,978	157,805	205,954	295,348	379,466	505,930
Total Equity & Liabilities	377,798	395,943	473,698	598,865	703,414	835,677
SUMMARY OF STATEMENT OF CASHFLOWS			(RUPEES IN MILLIONS)			
	Restated					
Net cash generated from / (used in) operating activities	41,097	27,836	19,335	(16,884)	21,871	42,259
Net cash used in investing activities	(28,654)	(19,593)	(43,726)	(33,843)	(49,411)	(74,465)
Net cash (used) in / generated from financing activities	(10,795)	(11,849)	6,040	52,012	27,192	22,061
Net increase / (decrease) in cash and cash equivalent	1,648	(3,606)	(18,351)	1,285	(348)	(10,144)
Cash and cash equivalent at beginning of the year	(6,463)	(4,815)	(8,421)	(26,772)	(25,487)	(25,835)
Cash and cash equivalent at end of the year	(4,815)	(8,421)	(26,772)	(25,487)	(25,835)	(35,979)

Key Financial Indicators

Description	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Profitability Ratios			(In Percentage %)			
	Restated					
Gross Profit Margin	30.3%	21.5%	20.9%	17.5%	15.2%	18.2%
Net Profit / (Loss) Margin	16.9%	5.7%	5.7%	6.0%	(1.0%)	3.7%
EBITDA Margin	22.8%	14.0%	14.9%	10.8%	12.7%	14.1%
PBT Margin	13.2%	4.7%	6.3%	3.1%	0.1%	4.7%
Return on Equity / Shareholder's Funds	18.6%	5.7%	5.9%	8.1%	(1.4%)	5.4%
Return on Capital Employed	14.6%	4.6%	4.9%	5.6%	(0.8%)	3.1%
Return on Total Assets	8.4%	2.6%	2.6%	2.9%	(0.4%)	1.4%
Return on Property, Plant and Equipment	14.2%	4.4%	4.4%	5.3%	(0.8%)	2.8%
Shareholder's Funds	45.3%	46.6%	43.8%	35.8%	29.9%	26.8%
Liquidity Ratios			(In Times)			
	Restated					
Current Ratio	1.06	1.00	0.95	0.92	0.89	0.81
Quick / Acid test ratio	1.00	0.94	0.90	0.88	0.86	0.77
Cash to current liability	0.01	0.01	0.01	0.01	0.01	0.005
Cash flow from operations to revenue	0.22	0.15	0.09	(0.06)	0.08	0.13
Free Cash Flow [Rs in million]	18,257	4,069	(25,279)	(52,458)	(28,048)	(34,308)
Economic Value addition [Rs in million]	(3,899)	(21,198)	(20,995)	(29,993)	(49,889)	(29,454)
Activity / Turnover ratio						
	Restated					
Inventory [Furnace & Other Oil] Turnover Days	17	9	12	11	9	14
Debtor* Turnover Days [Times]	289	300	294	304	393	410
Creditor Turnover Days [Times]	204	165	164	160	233	292
Operating Cycle (No. of days)	102	144	142	155	169	132
Total Asset turnover ratio (Times)	0.50	0.46	0.46	0.48	0.41	0.39
Fixed Asset turnover ratio (Times)	0.84	0.77	0.78	0.89	0.80	0.77
Investment / Market Ratios			(In Rupees)			
	Restated					
Earnings / (loss) per Share - Basic / Diluted	1.15	0.38	0.45	0.63	(0.11)	0.43
Price Earning Ratio (In Times)	7.00	18.29	12.74	7.02	N/A	9.62
Market Value Per Share - year end	8.06	6.90	5.68	4.39	3.01	4.18
- High during the year	8.67	10.92	7.51	6.75	5.00	4.88
- Low during the year	6.52	6.50	5.11	3.54	2.57	3.11
Price to book ratio (In Times)	0.59	0.48	0.33	0.20	0.12	0.14
Breakup Value per Ordinary Share (including Surplus on Revaluation of Property, Plant & Equipment)	6.20	6.67	7.51	7.77	7.63	8.11
Breakup Value per Ordinary Share (excluding Surplus on Revaluation of Property, Plant & Equipment)	4.39	4.95	5.55	5.38	5.48	6.08
Capital Structure Ratios			(In Times)			
	Restated					
Long-term debt to equity ratio (including revaluation surplus)	0.16	0.14	0.13	0.21	0.28	0.26
Long-term debt to equity ratio (excluding revaluation surplus)	0.21	0.17	0.17	0.28	0.35	0.32
Interest Cover ratio	5.89	3.41	5.24	2.41	1.02	2.38
Average Cost of Debt	0.12	0.09	0.07	0.11	0.16	0.09
Financial Leverage Ratio	0.33	0.27	0.35	0.60	0.74	0.82
Debt Service Coverage Ratio**	5.02	3.38	2.60	1.80	1.10	1.45
Employee Productivity ratios						
Production per employee (Gwh)	0.96	0.94	0.99	1.04	0.97	1.06
Revenue per employee (Rs in million)	17.5	17.0	20.9	28.0	27.1	31.6
Staff turnover ratio	6.8%	6.6%	7.8%	10.6%	10.0%	8.3%
Others			(In Percentage %)			
Spares Inventory as % of Assets Cost	2.2%	2.3%	2.1%	1.9%	1.9%	1.7%
Maintenance Cost as % of Operating Expenses	0.7%	0.7%	0.8%	0.8%	0.7%	0.8%

* Includes tariff adjustment receivable from Government

**This ratio is computed by dividing Net Income as adjusted for non-cash items (excluding provision for debts considered doubtful) by Debt Service

Vertical Analysis

STATEMENT OF FINANCIAL POSITION	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Restated					
Non-Current Assets	59.2%	60.1%	58.6%	54.6%	51.8%	51.2%
Current Assets	40.8%	39.9%	41.4%	45.4%	48.2%	48.8%
Total Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Share Capital & Reserves	45.3%	46.6%	43.7%	35.8%	29.9%	26.8%
Non-Current Liabilities	16.0%	13.6%	12.8%	14.9%	16.1%	12.7%
Current Liabilities	38.6%	39.9%	43.5%	49.3%	53.9%	60.5%
Total Equity And Liabilities	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

STATEMENT OF PROFIT OR LOSS	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Restated					
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Expenditure						
Purchase Of Electricity	(28.8%)	(33.5%)	(35.7%)	(32.9%)	(35.8%)	(34.5%)
Consumption Of Fuel And Oil	(30.4%)	(33.4%)	(33.1%)	(41.7%)	(40.2%)	(39.4%)
	(59.2%)	(67.0%)	(68.8%)	(74.6%)	(76.0%)	(73.9%)
Expenses Incurred In Generation, Transmission And Distribution	(10.5%)	(11.5%)	(10.4%)	(7.8%)	(8.8%)	(7.9%)
Gross Profit	30.3%	21.5%	20.9%	17.5%	15.2%	18.2%
Consumers Services and Administrative Expenses (including Impairment against trade debts)	(16.3%)	(19.1%)	(16.0%)	(13.2%)	(12.0%)	(12.6%)
Other Operating Expenses	(1.6%)	(0.8%)	(1.0%)	(1.7%)	(0.2%)	(0.5%)
Other Operating Income	3.5%	5.1%	3.9%	2.6%	2.9%	3.0%
	(14.4%)	(14.8%)	(13.1%)	(12.3%)	(9.3%)	(10.1%)
Profit Before Finance Cost	15.9%	6.7%	7.8%	5.2%	5.9%	8.1%
Finance Cost	(2.7%)	(2.0%)	(1.5%)	(2.2%)	(5.8%)	(3.4%)
Profit Before Taxation	13.2%	4.7%	6.3%	3.1%	0.1%	4.7%
Taxation	3.6%	0.9%	(0.6%)	2.9%	(1.1%)	(1.0%)
Profit / Loss After Taxation	16.9%	5.7%	5.7%	6.0%	(1.0%)	3.7%

Horizontal Analysis

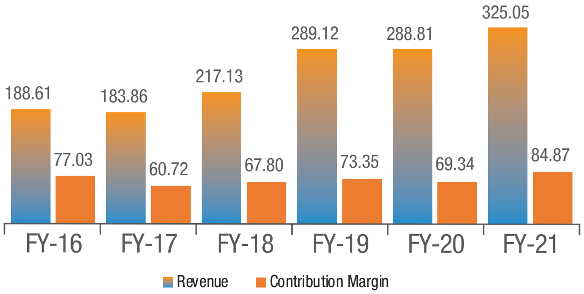
STATEMENT OF FINANCIAL POSITION	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Restated					
Non-Current Assets	100.0%	106.4%	124.2%	146.2%	163.0%	191.3%
Current Assets	100.0%	102.4%	127.1%	176.4%	219.8%	264.6%
Total Assets	100.0%	104.8%	125.4%	158.5%	186.2%	221.2%
Share Capital & Reserves	100.0%	107.6%	121.0%	125.2%	123.0%	130.7%
Non-Current Liabilities	100.0%	88.9%	99.9%	147.1%	187.2%	174.8%
Current Liabilities	100.0%	108.1%	141.1%	202.3%	259.9%	346.6%
Total Equity And Liabilities	100.0%	104.8%	125.4%	158.5%	186.2%	221.2%

STATEMENT OF PROFIT OR LOSS	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Restated					
Revenue	100.0%	97.5%	115.1%	153.3%	153.1%	172.3%
Expenditure						
Purchase Of Electricity	100.0%	113.5%	142.6%	175.2%	190.2%	206.6%
Consumption Of Fuel And Oil	100.0%	107.3%	125.5%	210.6%	202.9%	223.4%
	100.0%	110.4%	133.8%	193.4%	196.7%	215.3%
Expenses Incurred In Generation, Transmission And Distribution	100.0%	106.7%	113.2%	113.9%	128.0%	129.2%
Gross Profit	100.0%	69.1%	79.3%	88.7%	76.8%	103.6%
Consumers Services and Administrative Expenses (including Impairment against trade debts)	100.0%	114.2%	112.9%	123.9%	113.0%	133.4%
Other Operating income	100.0%	141.1%	127.2%	113.6%	127.8%	147.0%
Other Operating Expenses	100.0%	50.4%	69.6%	165.1%	19.6%	51.2%
	100.0%	100.4%	104.6%	131.1%	98.9%	120.8%
Profit Before Finance Cost	100.0%	41.0%	56.4%	50.5%	56.9%	88.0%
Finance Cost	100.0%	70.8%	63.5%	123.2%	328.2%	217.9%
Profit Before Taxation	100.0%	34.9%	55.0%	35.6%	1.4%	61.5%
Taxation	100.0%	24.9%	(20.5%)	122.4%	(48.4%)	(48.8%)
Profit / Loss After Taxation	100.0%	32.8%	38.7%	54.3%	(9.3%)	37.7%

Graphical Analysis

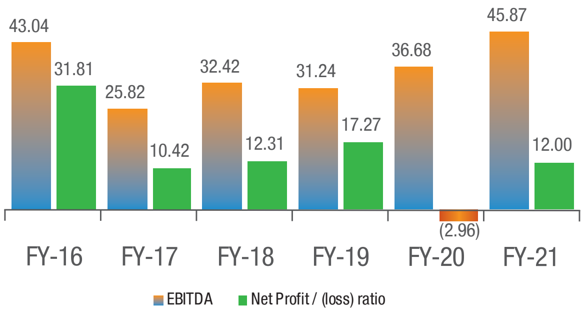
Revenue & Contribution Margin

(PKR in billions)



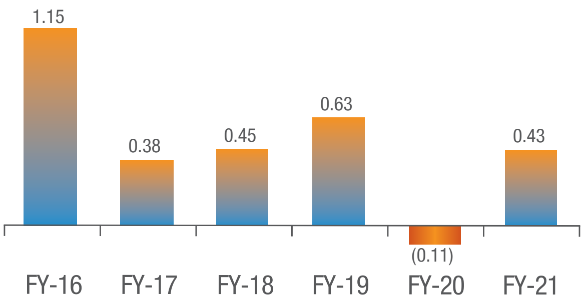
EBITDA & Net Profit /(Loss)

(PKR in billions)



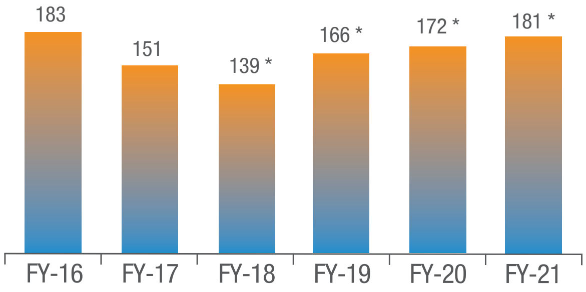
Earnings per Share (EPS)

(in PKR)



GAS

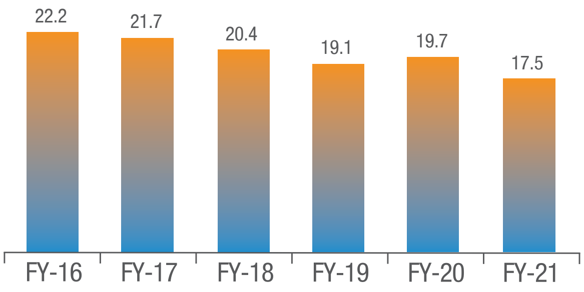
(MMCFD)



* Includes RLNG effective from April 2018

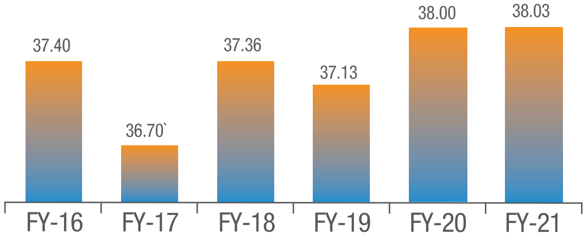
T&D Losses

(In %)



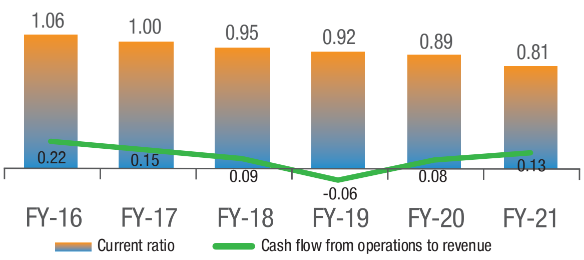
Generation Fleet Efficiency

(In %)

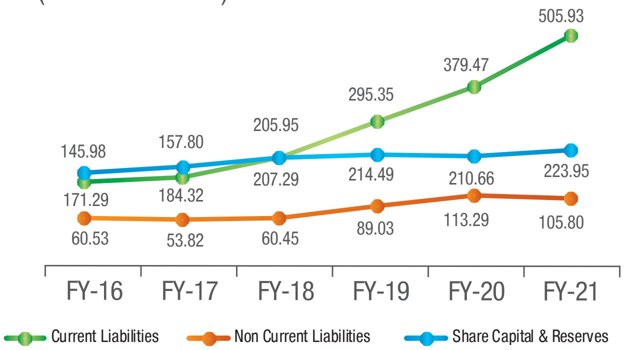


Graphical Analysis

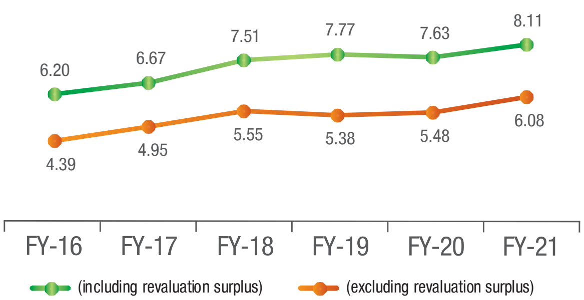
Liquidity Ratio
(In times)



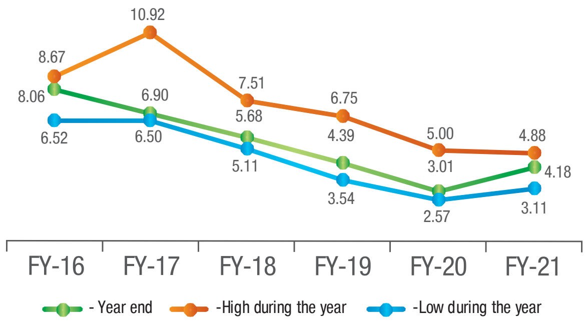
Equities & Liabilities
(PKR In billions)



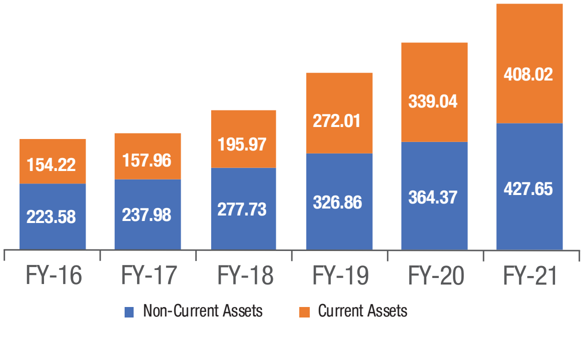
Breakup Value per Share
(in %)



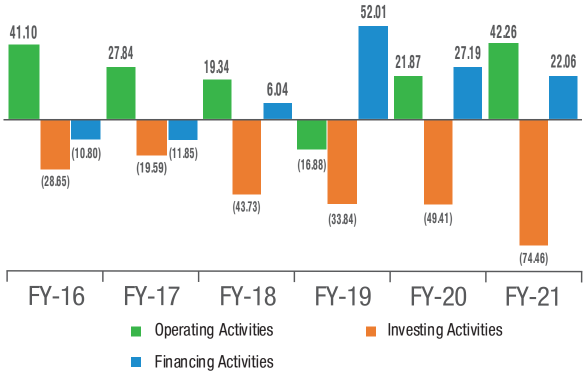
Market Value per Share
(in %)



Total Assets
(PKR In billions)

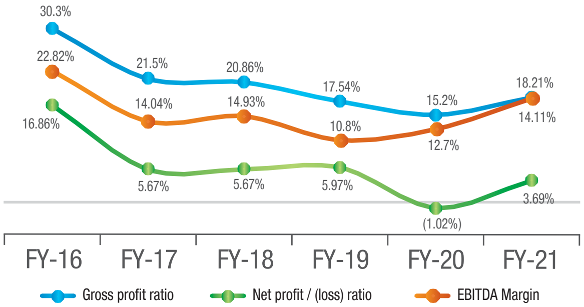


CASHFLOWS ANALYSIS
(PKR In billions)

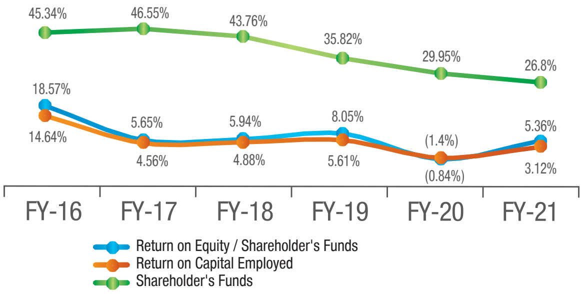


Graphical Analysis

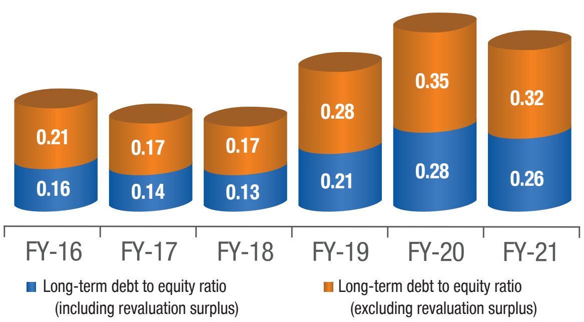
Profitability Ratios
(In %)



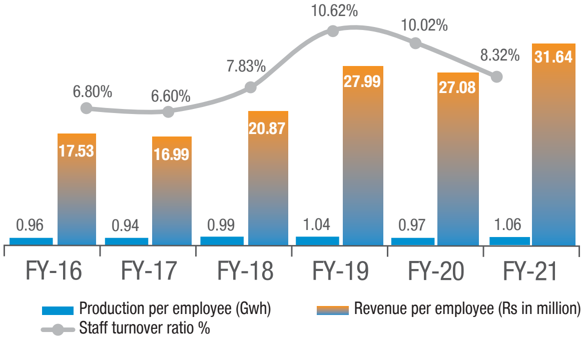
Profitability Ratios
(In %)



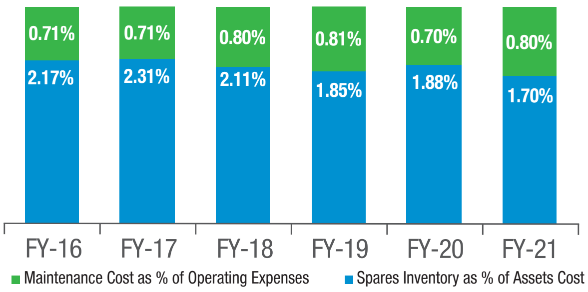
Long term Debt to Equity
(In times)



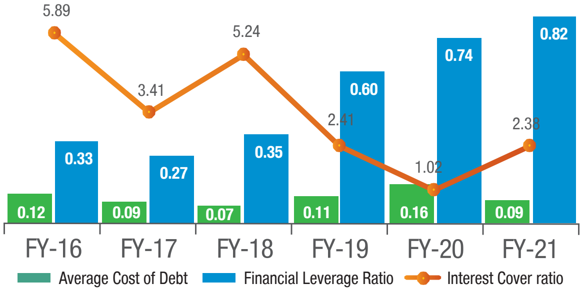
Employee Productivity ratios



Other Ratios
(In %)



Capital Structure Ratios
(In times)



Commentary on Performance

Horizontal & Vertical Analysis

- Amid improved macro-economic factors post covid-19 lockdown, Company's operational performance showed strong growth during FY21 with increase in units sent out by 9.6% along with reduction in T&D losses by 2.2%. Driven by these sustainable operational improvements, gross profit increased by 35% compared to last year and Company posted net profit after tax of PKR 11.9 billion for FY 2021, thereby back to its profitability track since 2012. Finance cost savings owing to reduction in KIBOR rates also contributed over PKR 5 billion to the bottom line.

- Company invested PKR 80,882 million during FY 2021 alone, taking the investment streak to PKR 271,631 million across the Company's power value chain over the 06 years period.

- Accumulation of Tariff differential claims (TDC), delays in tariff determination and non-payment of dues by various federal and provincial government departments with consequential non release of TDC directly to NTDC has resulted in accumulation of both receivables and payables side of balance sheet. The net position is of around PKR 58 billion receivables by the Company as at June 2021. This situation coupled with investments across the value chain has resulted in steep increase in Company's borrowings over the period.

- Reinvestment of entire profits with revaluation surplus over the period under consideration, has resulted in increase in the Equity of the Company.

Cashflow Statement

- Profit before tax of Rs. 15,346 million along with lower finance cost payments translated into positive cashflows of Rs. 42,259 million for FY21 with cash flow from operations to revenue of 13% as compared to 8% last year.

- Cashflow generated were reinvested into business taking Company's investment to Rs. 271,631 million over the period of 06 years (including borrowing cost capitalized); which reiterates the Company's commitment for operational improvements as well as capacity enhancement to cater growing electricity demand.

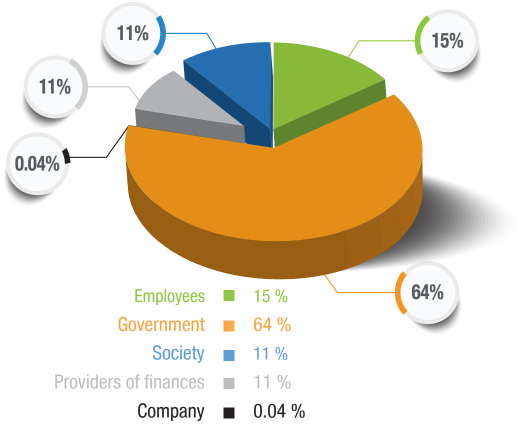
- As discussed in analysis above, cash inflows from financing activities are on the increasing trend over the years due to additional/increased utilisation of various long-term and short-term borrowing facilities to fund the investments and growing working capital requirements of the company; owing to accumulation of receivables from Federal and Provincial government entities.

Statement of Value Addition and its Distribution

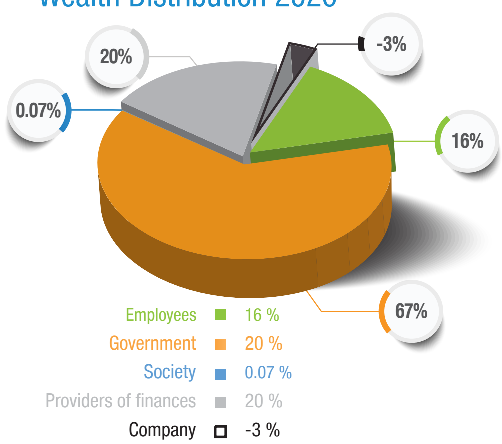
Value Addition and its Distribution

	2021 Rs in Million	%	2020 Rs in Million	%
Wealth Generated				
Sale of energy inclusive of all taxes	318,427		245,774	
Tariff adjustment	70,042		94,930	
Other Income	9,792		8,510	
Electricity purchase, consumption of fuel and oil, service and other cost (exclusive taxes)	(292,535)		(267,438)	
	105,726	100.00%	81,776	100.00%
Wealth Distribution				
To Employees				
Salaries, benefits and other costs	15,803	15%	12,726	16%
To Government				
Income tax, sales tax and others	67,298	64%	54,859	67%
To Society				
Donations	44	0.04%	56	0.07%
To providers of finances				
Financial Charges	11,113	11%	16,736	20%
To Company				
Retained within the business	11,468	11%	(2,601)	(3.2%)
	105,726	100.00%	81,776	100.00%

Wealth Distribution 2021



Wealth Distribution 2020



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INDEPENDENT AUDITOR'S REPORT

To the members of K-Electric Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of K-Electric Limited (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention to:

- note 13.4 to the annexed financial statements, which explains the matter in respect of claims for write-off of trade debts pending with National Electric Power Regulatory Authority (NEPRA);
- note 31.1.1 to the annexed financial statements, which describes that the mark-up / financial charges on outstanding liabilities due to government-controlled entities will be payable by the Company only when it will receive mark-up on outstanding receivable balances on account of tariff differential claims and energy dues of the Company's public sector consumers; and
- note 31.1.5 to the annexed financial statements, which states that the Supreme Court of Pakistan vide its decision dated August 13, 2020 has declared the Gas Infrastructure Development Cess (GIDC) Act, 2015 to be valid. In this respect the Company's suit is pending before the High Court of Sindh 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.

Our opinion is not modified in respect of these matters.

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Key Audit Matters

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

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	**Tariff adjustment on account of write-off of bad debts**	
	(Refer notes 2.5.1 and 33.2 to the annexed financial statements) Revenue recognised during the year in respect of tariff adjustment on account of write-off of bad debts amounted to Rs. 16,042 million, comprising of receivables from 82,600 consumers. As required under the Multi-Year Tariff for the period from July 1, 2016 to June 30, 2023 (MYT 2017-23), for the purpose of claim of tariff adjustment in respect of write-off of bad debts, the Company is required to ensure that certain specific minimum procedures are completed in order to claim such write-off. Tariff adjustment being part of revenue is assessed as an area involving presumed risk of material misstatement, hence, significant risk for the audit. Further, such tariff adjustment on account of write-off of bad debts requires certain significant judgements and interpretation of MYT 2017-23 by the Company's management. Accordingly, we considered tariff adjustment on account of write-off of bad debts as a key audit matter.	Our audit procedures amongst other included the following: • Updated our understanding of the requirements of MYT 2017-23 relating to the claim of write-off of bad debts as tariff adjustment by reviewing correspondence with NEPRA. • Evaluated the key basis / assumptions that have been used and procedures that have been performed by the Company's management for determining the eligibility of the claim for write-off. • Evaluated whether the compliance was made by the Company to the specific requirements stipulated in MYT 2017-23 relating to claim of write-off of bad debts. • Verified as part of requirement of MYT 2017-23 that the amount is not recoverable notwithstanding the efforts of the Company. • Assessed the financial impacts and appropriateness of disclosures made in the financial statements in this respect.
(ii)	**Impairment loss against trade debts**	
	(Refer notes 2.5.4 and 10 to the annexed financial statements) The impairment loss against trade debts (other than due from public sector consumers i.e. government controlled entities) has been calculated based on the Expected Credit Loss (ECL) model, as defined in IFRS 9 'Financial Instruments'.	Our audit procedures amongst other included the following: • Considered the management's process of application of the ECL model to calculate the impairment loss against trade debts. • Evaluated the key decisions made by the Company's management with respect to

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S. No.	Key audit matters	How the matter was addressed in our audit
	The ECL model involves significant estimates and judgements which are reviewed on a continuous basis in view of the historical experience and various other factors. As a result of application of the ECL model an amount of Rs. 15,743 million has been recognized during the year as impairment loss against trade debts. Due to the significance of the amounts involved and the use of management judgments and estimates, we have considered application of the of ECL model to determine the impairment loss against trade debts as a key audit matter.	estimates and judgements in relation to application of the ECL model. • Evaluated the ECL model for appropriateness of the methodology applied and checked the arithmetical accuracy of the model. • Assessed the financial impacts and appropriateness of disclosures made in the financial statements in relation to the impairment loss against trade debts.
(iii)	**Contingencies** (Refer notes 31.1.2, 41.1 and 41.2 to the annexed financial statements) As at June 30, 2021, the Company has contingencies in respect of clawback mechanism and minimum tax on tariff adjustment, which are pending adjudication before appellate forums. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to significance of the amounts involved, inherent uncertainties with respect to the outcome of the on-going litigations and use of significant management judgements and estimates to assess the related financial impacts, we have considered the above contingencies as a key audit matter.	Our audit procedures amongst other included the following: • Updated our understanding of these regulatory and tax matters through meetings with the management, including the Company's in-house legal and tax experts. • Read correspondence of the Company with relevant authorities and the Company's external legal and tax advisors including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved. • Circularised confirmations to the Company's external legal advisors for their views on the pending cases. • Involved internal tax professionals to assess management's conclusions on the tax related matter. • Whilst noting the inherent uncertainties involved in the regulatory and tax matters, assessed the adequacy and appropriateness of the related disclosures made in the financial statements.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

A.F. Ferguson & Co.
Chartered Accountants

Karachi

Date: September 17, 2021

Statement of Financial Position

as at June 30, 2021

	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)	
Assets			
Non-current assets			
Property, plant and equipment	4	424,069,228	360,980,861
Intangible assets	5	389,270	312,822
Investment in subsidiary - at cost	1.5	182,100	-
Investment property	6	2,986,899	3,047,856
Long-term loans	7	13,865	16,529
Long-term deposits	8	11,744	11,258
		427,653,106	364,369,326
Current assets			
Inventories	9	16,082,872	12,966,222
Trade debts	10	104,714,380	99,831,863
Loans and advances	11	2,587,658	1,806,416
Deposits and short term prepayments	12	4,005,201	3,595,164
Other receivables	13	274,986,963	212,042,354
Taxation - net		-	1,080,823
Derivative financial assets	14	3,276,351	4,632,953
Cash and bank balances	15	2,370,891	3,088,813
		408,024,316	339,044,608
TOTAL ASSETS		835,677,422	703,413,934
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	16	96,261,551	96,261,551
Reserves			
Capital reserves			
Share premium and other reserves	17	2,009,172	2,009,172
Revaluation surplus on property, plant and equipment	18	55,932,669	59,232,336
		57,941,841	61,241,508
Revenue reserves			
General reserves		5,372,356	5,372,356
Unappropriated profit		64,375,768	47,782,956
		69,748,124	53,155,312
		127,689,965	114,396,820
TOTAL EQUITY		223,951,516	210,658,371
LIABILITIES			
Non-current liabilities			
Long-term diminishing musharaka	19	24,763,655	27,920,786
Long-term financing	20	35,650,703	43,476,225
Lease liabilities	21	100,342	97,226
Long-term deposits	22	12,866,349	11,718,860
Employee retirement benefits	23	4,717,134	5,262,039
Deferred revenue	24	27,697,647	24,814,138
Deferred taxation	25	-	-
		105,795,830	113,289,274
Current liabilities			
Current maturity of long-term diminishing musharaka	19	4,400,000	4,400,000
Current maturity of long-term financing	20	12,330,261	7,120,676
Current maturity of lease liabilities	21	31,723	23,474
Trade and other payables	26	353,854,773	267,630,980
Unclaimed dividend		645	645
Accrued mark-up	27	8,858,167	8,314,338
Taxation - net		51,692	-
Short-term borrowings	28	107,023,197	72,544,367
Short-term deposits	29	19,372,118	19,424,309
Provision	30	7,500	7,500
		505,930,076	379,466,289
TOTAL LIABILITIES		611,725,906	492,755,563
Contingencies and Commitments	31		
TOTAL EQUITY AND LIABILITIES		835,677,422	703,413,934

The annexed notes 1 to 57 form an integral part of these financial statements.

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

Statement of Profit or Loss

for the Year ended June 30, 2021

	Note	2021	2020
		(Rupees in '000)	
REVENUE			
Sale of energy - net	32	255,006,208	193,877,623
Tariff adjustment	33	70,042,341	94,929,760
		325,048,549	288,807,383
COST OF SALES			
Purchase of electricity	34	(112,223,458)	(103,282,331)
Consumption of fuel and oil	35	(127,957,795)	(116,187,414)
Expenses incurred in generation, transmission and distribution	36	(25,672,706)	(25,444,334)
		(265,853,959)	(244,914,079)
GROSS PROFIT		59,194,590	43,893,304
Consumers services and administrative expenses	37	(25,224,577)	(21,522,925)
Impairment loss against trade debts	10.4	(15,743,291)	(13,188,288)
Other operating expenses	38	(1,559,592)	(596,087)
Other income	39	9,791,708	8,509,741
		(32,735,752)	(26,797,559)
PROFIT BEFORE FINANCE COST		26,458,838	17,095,745
Finance cost	40	(11,112,992)	(16,736,638)
PROFIT BEFORE TAXATION		15,345,846	359,107
Taxation	41	(3,347,664)	(3,318,318)
PROFIT / (LOSS) FOR THE YEAR		11,998,182	(2,959,211)
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)	42	45,866,793	36,683,763
		---------- (Rupees) ----------	
EARNING / (LOSS) PER SHARE - BASIC AND DILUTED	43	0.43	(0.11)

The annexed notes 1 to 57 form an integral part of these financial statements.

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

Statement of Comprehensive Income

for the Year ended June 30, 2021

	Note	2021	2020
		(Rupees in '000)	
Net profit / (loss) for the year		11,998,182	(2,959,211)
Other comprehensive income / (loss):			
Items that may be reclassified to profit or loss			
Changes in fair value of cash flow hedges		(518,836)	945,710
Adjustment for amounts transferred to profit or loss		518,836	(945,710)
		-	-
Items that will not be reclassified to profit or loss			
Remeasurement of post employee benefit obligations	23.1.1	(162,274)	181,098
Less: Taxation thereon	25.1	47,059	(52,518)
		(115,215)	128,580
Revaluation surplus / (Impairment against revaluation surplus)	18.1	1,986,166	(1,409,098)
Less: Taxation thereon	25.1	(575,988)	408,638
		1,410,178	(1,000,460)
		1,294,963	(871,880)
Total comprehensive income / (loss) for the year		13,293,145	(3,831,091)

The annexed notes 1 to 57 form an integral part of these financial statements.

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

Statement of Changes in Equity

for the Year ended June 30, 2021

	Issued, subscribed and paid-up capital			Reserves							Total
				Capital				Revenue			
	Ordinary shares	Transaction costs	Total Share Capital	Share premium (note 16.3)	Others	Surplus on revaluation of Property, plant and equipment	Total	General reserves	Un-appropriated profit	Total	
	(Rupees in '000)										
Balance as at July 1, 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 year ended June 30, 2020											
Loss for the year	-	-	-	-	-	-	-	-	(2,959,211)	(2,959,211)	(2,959,211)
Other comprehensive (loss) / income	-	-	-	-	-	(1,000,460)	(1,000,460)	-	128,580	128,580	(871,880)
	-	-	-	-	-	(1,000,460)	(1,000,460)	-	(2,830,631)	(2,830,631)	(3,831,091)
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	(5,647,641)	(5,647,641)	-	5,647,641	5,647,641	-
Balance as at June 30, 2020	96,653,179	(391,628)	96,261,551	1,500,000	509,172	59,232,336	61,241,508	5,372,356	47,782,956	53,155,312	210,658,371
Total comprehensive income for the year ended June 30, 2021											
Profit for the year	-	-	-	-	-	-	-	-	11,998,182	11,998,182	11,998,182
Other comprehensive income / (loss)	-	-	-	-	-	1,410,178	1,410,178	-	(115,215)	(115,215)	1,294,963
	-	-	-	-	-	1,410,178	1,410,178	-	11,882,967	11,882,967	13,293,145
Incremental depreciation relating to revaluation surplus of property, plant and equipment - net of deferred tax (note 18)	-	-	-	-	-	(4,709,845)	(4,709,845)	-	4,709,845	4,709,845	-
Balance as at June 30, 2021	96,653,179	(391,628)	96,261,551	1,500,000	509,172	55,932,669	57,941,841	5,372,356	64,375,768	69,748,124	223,951,516

The annexed notes 1 to 57 form an integral part of these financial statements.

Syed Moonis Abdullah Alvi
Chief Executive Officer

Khalid Rafi
Director

Muhammad Aamir Ghaziani
Chief Financial Officer

Statement of Cash Flows

for the Year ended June 30, 2021

	Note	2021	2020
		(Rupees in '000)	
Cash Flows From Operating Activities			
Profit before taxation		15,345,846	359,107
Adjustments for non-cash charges and other items:			
Depreciation and amortisation	36 & 37	19,407,955	19,588,018
Provision for employee retirement benefits		1,024,492	1,178,316
Provision for slow moving and obsolete inventories - net	9.1	214,257	235,763
Provision for impairment against trade debts	10.4	15,743,291	13,964,046
Provision against fatal accident cases	30	52,900	2,700
Amortisation of transaction cost and exchange gain / loss on long-term financing		(841,739)	(358,371)
Gain on sale of property, plant and equipment	39	(1,887,009)	(216,142)
Workers' profits participation fund	26.6	807,676	18,900
Loss / (Gain) on derivative financial assets		518,836	(945,710)
Finance cost	40	11,112,992	16,736,638
Amortisation of deferred revenue	24	(2,193,134)	(2,001,381)
Return on bank deposits	39	(231,891)	(346,902)
Operating profit before working capital changes		59,074,472	48,214,982
Working capital changes:			
Increase in current assets			
Inventories		(3,330,907)	(1,124,224)
Trade debts		(20,625,808)	(13,867,852)
Loans and advances		(781,242)	(935,227)
Deposits and short term prepayments		(410,037)	(206,796)
Other receivables		(62,944,609)	(67,236,244)
		(88,092,603)	(83,370,343)
Increase / (decrease) in current liabilities			
Trade and other payables		85,848,495	77,815,762
Short-term deposits		(52,191)	2,016,582
		85,796,304	79,832,344
Cash generated from operations		56,778,173	44,676,983
Employee retirement benefits paid		(1,731,671)	(829,853)
Income tax paid		(2,744,078)	(3,294,511)
Receipts in deferred revenue	24	5,076,643	3,605,876
Finance cost paid		(14,868,433)	(21,624,884)
Payments made in respect of out of court settlements	30	(52,900)	(16,600)
Interest received on bank deposits	39	231,891	346,902
Workers' profits participation fund paid	26.6	(432,378)	(998,330)
Long-term loans		2,664	2,676
Long-term deposits		(486)	2,476
		(14,518,748)	(22,806,248)
Net cash generated from operating activities		42,259,425	21,870,735
Cash Flows From Investing Activities			
Capital expenditure incurred		(76,566,596)	(49,918,613)
Proceeds from disposal of property, plant and equipment	4.2	2,283,807	507,529
Subscription of share capital in subsidiary	1.5	(182,100)	-
Net cash used in investing activities		(74,464,889)	(49,411,084)
Cash Flows From Financing Activities			
(Repayment of) / Proceeds from long-term diminishing musharaka - net	47.4	(3,241,590)	19,174,852
(Repayment of) / Proceeds from long-term financing - net	47.4	(851,972)	7,289,517
Lease payments	21.2	(45,215)	(33,223)
Proceeds from / (Repayment of) short-term borrowings - net	47.4	25,052,730	(149,845)
Security deposit from consumers	47.4	1,147,489	910,529
Net cash generated from financing activities		22,061,442	27,191,830
Net decrease in cash and cash equivalents		(10,144,022)	(348,519)
Cash and cash equivalents at beginning of the year		(25,835,525)	(25,487,006)
Cash and cash equivalents at end of the year	45	(35,979,547)	(25,835,525)

The annexed notes 1 to 57 form an integral part of these financial statements.

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

Notes to the Financial Statements
for the Year ended June 30, 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 (the Act 1997) to its licensed areas. KES Power Limited (the Holding Company of K-Electric) incorporated in Cayman Islands, holds 66.40 percent (June 30, 2020: 66.40 percent) shares in the Company.

1.3 The business units of the Company include the following:

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

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

1.4 As notified on the Pakistan Stock Exchange on October 28, 2016, Shanghai Electric Power 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.

1.5 As part of diversification strategy of the Company, a wholly owned subsidiary named KE Venture Company (Private) Limited (KEVCL) was incorporated on July 30, 2020 as a private limited company. KEVCL has been incorporated to invest in diverse initiatives within the energy sector of Pakistan. During the year the Company has subscribed to 18.21 million ordinary shares of KEVCL amounting to Rs. 182.1 million.

Another wholly owned subsidiary, named K-Solar (Private) Limited (K-Solar), was incorporated under KEVCL on September 18, 2020 as a private limited company. K-Solar would be specialising 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 economic solutions. The Company commenced its commercial operations on world environment day; June 5, 2021.

The principal place of business for KEVCL and K-Solar is Karachi, Pakistan.

In view of exemption granted by the Securities & Exchange Commission of Pakistan (the SECP) vide its letter No. SMD/SE/2(329)/2021/16 dated September 2, 2021 from the requirement of section 228(7) of the Companies Act, 2017, the financial statements of the group comprising the Company and its subsidiaries, KEVCL and K-Solar, have not been consolidated. In accordance with requirements of the said exemption the accounts for subsidiary companies are available for inspection at the registered office of the Company and will be sent to members on request without any cost. Financial highlights of the subsidiaries are as follows:

	KEVCL	K-SOLAR
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021	(Rupees in '000)	
Non-current assets	182,100	1,040
Current Assets	100	181,767
Total assets	182,200	182,807
Issued, subscribed and paid up capital	182,100	100
Advance against issue of share capital	-	182,000
Accumulated losses	(4,287)	(13,931)
Total Equity	177,813	168,169
Current Liabilities	4,387	14,638
Total Equity And Liabilities	182,200	182,807
STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED JUNE 30, 2021		
Expenses		
Administrative expenses	(4,287)	(14,080)
Other Income	-	149
Loss before taxation	(4,287)	(13,931)
Taxation	-	-
Loss after taxation	(4,287)	(13,931)

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

NEPRA issued its decision on the Company's review motion and largely maintained its earlier decision. The Ministry of Energy (Power Division), Government of Pakistan (the GoP) on request of the Company filed a 'Reconsideration request' with NEPRA dated October 26, 2017 under Section 31 (4) of the NEPRA 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 relief under Section 12G of the NEPRA 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. Chairman of the Appellate Tribunal has been appointed by GoP however, members are yet to be appointed. On the appointment of the members Appellant tribunal would be functional. 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 current year has been based on the aforementioned MYT decision.

1.7 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, changes due to necessary revision in the investment plan and working capital requirements of the Company along with other adjustments. During the year, NEPRA held a public hearing on this matter on September 16 & 17, 2020. Consequently, 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 of increase in base tariff of Rs. 1.64/kWh through its letter dated October 1, 2020 and has now requested for an increase of Rs. 1.21/kWh in the base tariff effective July 1, 2016.The Mid Term Review petition is currently under determination, however, the Company based on prudence has accounted for the base tariff impact of negative component relating to revision in investment plan net of USD indexation on allowed Return on Equity in these financial statements. Further, keeping in view the significant regulatory delays and related uncertainty, other adjustments including legitimate cost of working capital would be recognised based on determination of NEPRA. The Company remains engaged with NEPRA for determination of its legitimate requests and is confident that necessary adjustment would be made in base tariff.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.

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

2.2 New standards, amendments to accounting and reporting standards and new interpretations

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

There were certain amendments and interpretations to accounting and reporting standards which became effective for the Company's annual financial statements for the current year. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

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

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

		Effective date (Annual reporting periods beginning on or after)
IAS 1	Presentation of financial statements (Amendments)	January 1, 2023
IAS 8	Accounting policies, changes in estimates and errors (Amendments)	January 1, 2023
IAS 12	Income taxes (Amendments)	January 1, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IFRS 3	Business Combinations (Amendments)	January 1, 2022
IFRS 9	Financial Instruments (Amendments)	January 1, 2022
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 1, 2021
IFRS 16	Leases (Amendments)	January 1, 2021

The management anticipates that application of above amendments in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

c) Further, the following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

d) SECP through S.R.O. 985 (I)/2019 dated September 2, 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 'Financial Instruments', with respect to application of Expected Credit Loss (ECL) method shall not be applicable till June 30, 2021, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period.

Therefore, in case this exemption period is not extended by the SECP, the requirements of IFRS 9 with respect to the applicability of ECL on financial assets due from the GoP shall become applicable which would result in application of ECL method on trade debt and other receivables from GoP. At present the impacts of application of ECL method on such dues are being assessed by the Company's management.

2.3 Basis of measurement

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

2.4 Functional and presentation currency

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

2.5 Use of estimates and judgments

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

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

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

2.5.1 Tariff adjustment determination

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

2.5.2 Property, plant and equipment and intangible assets

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

2.5.3 Lease liabilities

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has the option, under its lease arrangements to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., a change in business strategy). Any change is accounted for change in estimate and applied prospectively with corresponding change in Right-of-use assets and lease liabilities.

2.5.4 Provision for impairment of financial assets

Financial assets due from public sector consumers and tariff differential claims

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

Other financial assets

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

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

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

2.5.5 Inventories

The Company reviews the carrying values of inventories to assess any diminution against which provision for impairment is made. The determination of provision involves the use of estimates with regards to holding period of inventories.

2.5.6 Provision for retirement and other service benefit obligations

The present value of these obligations depends on a number of factors and is based on actuarial valuations, which uses a number of assumptions. Any change in these assumptions will impact the carrying amounts of these obligations. The present values of these obligations and the underlying assumptions / estimations are disclosed in note 23.

2.5.7 Taxation

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

2.5.8 Fair values

Based on the inputs used in valuation techniques, fair values are categorised into different levels in fair value hierarchy as defined in IFRS 13 'Fair value measurements'. Information about valuation techniques and inputs used for determination of the fair values of property, plant and equipment and derivatives is included in notes 4.1.4 and 46.2 respectively.

2.5.9 Derivatives

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

2.5.10 Provision and contingencies

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision are revised at each reporting date and adjusted to reflect the current best estimate.

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

3.1.1 Operating fixed assets

Initial recognition

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

Measurement

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

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

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

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

Depreciation

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

Useful lives are determined on expected usage of asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors. The effect of any changes in estimate is accounted for on a prospective basis. Further the key assumptions used to determine the fair value of property, plant and equipment are provided in Note 4.1.4.

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

Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised as other income in profit or loss in the year the asset is derecognised. When revalued assets are sold, the relevant remaining revaluation surplus is reclassified directly to unappropriated profit.

3.1.2 Capital work-in-progress

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

3.1.3 Surplus on revaluation of property, plant and equipment

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

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

3.2 Intangible assets

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

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

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

3.3 Lease liability and Right-of-use asset

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

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

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

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

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

The Company does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases where the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

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

3.4 Investment in subsidiary

Investment in subsidiary are initially recognised at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognised as an expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in the profit or loss.

3.5 Financial instruments

3.5.1 Financial assets

Classification

The Company classifies its financial assets in the following categories:

a) At amortised cost

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

b) At fair value through other comprehensive income (FVOCI)

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

c) At fair value through profit or loss (FVPL)

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

Recognition and measurement

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

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

Transaction costs that are directly attributable to the acquisition of the financial asset are made part of cost of the asset except for financial assets at fair value through profit or loss.

Derecognition

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

3.5.2 Financial liabilities

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

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost.

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

3.5.3 Offsetting financial instruments

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.6 Assets held for sale

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

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

Assets are not depreciated or amortised while these are classified as held for sale.

3.7 Investment property

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

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

3.8 Inventories

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

3.9 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless these contain significant financing component in which case these are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest method. Impairment of trade debts and other receivables is described in note 3.11.1.

3.10 Derivative financial instruments and hedge accounting

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

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

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

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

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

Fair value hedges

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

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

Cash flow hedges

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

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

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

3.11 Impairment

3.11.1 Impairment of financial assets

Financial assets covered under IFRS 9

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

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

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

Financial assets covered under IAS 39

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

3.11.2 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated to determine the extent of impairment loss.

An impairment loss is recognised, as an expense in profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

3.12 Cash and cash equivalents

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

3.13 Share capital

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

3.14 Loans and borrowings

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

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

3.15 Deferred revenue

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

3.16 Employee retirement and other service benefits

3.16.1 Defined benefit plans

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

The amount recognised in the statement of financial position represents the present value of defined benefit obligations less fair value of any plan assets. The defined benefit obligations are calculated annually by independent actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plans. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income with no subsequent recycling to profit or loss.

The Company operates following retirement schemes for its employees:

(a) Defined benefit gratuity scheme

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

(b) Post retirement medical benefits

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

(c) Electricity rebate

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

3.16.2 Defined contributory provident fund

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

3.16.3 Earned leave

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

(a) Staff

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

(b) Officers

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

3.17 Current and deferred income tax

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

3.17.1 Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3.17.2 Deferred

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

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

3.18 Trade and other payables

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

3.19 Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are revised at each reporting date and adjusted to reflect the current best estimate.

3.20 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies. Revenue is recognised on the following basis:

3.20.1 Sale of energy

Revenue is recognised on supply of electricity to consumers based on meter readings at the rates notified by the government from time to time. Accruals are made for fuel surcharge adjustment pending determination from NEPRA and for the estimated electricity supplied to consumers between the date of last meter reading and the reporting date. The normal credit terms are 14 days after monthly bill's issue date .

3.20.2 Tariff adjustment

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

3.20.3 Service connection charges

Service connection charges represent the amount collected against cost of installation of electricity connection. Revenue from service connection charges and its related cost is recognised in the profit or loss in full upon establishing the network connection as its net impact is not material in the overall context of these financial statements.

3.20.4 Late payment surcharge

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

3.20.5 Rebate on electricity duty

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

3.20.6 Interest / mark-up income

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

3.21 Borrowing costs

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

3.22 Assets held under Ijarah financing

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

3.23 Foreign currency transactions and translation

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

3.24 Dividend and appropriation to reserves

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

3.25 Segment reporting

Segments are reported in a manner consistent with the internal reporting provided to the Company's chief operating decision maker i.e. the Board of Directors of the Company in order to assess each segment's performance and to allocate resources to them.

3.26 Earnings per share

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

	Note	2021	2020
		(Rupees in '000)	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	298,062,507	285,014,103
Capital work-in-progress	4.4	125,880,005	75,849,191
Right of use assets	4.5	126,716	117,567
		424,069,228	360,980,861

4.1 Operating fixed assets

	Revaluation model	Cost model	Cost model	Cost model	Revaluation model	Revaluation model	Revaluation model	Cost model									
	Land	Land	Buildings on	Buildings on	Plant and machinery	Plant and machinery		Others									
	Leasehold (note 4.1.1)	Other (note 4.1.2)	Leasehold land	Other land	Owned	Assets given under Long-term diminishing musharaka sukuk (note 19.1)	Transmission grid equipment	Transmission lines	Distribution networks	Renewals of mains and services	Furniture, air-conditioners and office equipment	Vehicles	Computers and related equipment	Tools and general equipment	Major spare parts	Simulator Equipment	Total
	Level 2 fair value				Level 3 fair value												
	(Rupees in '000)																
As at June 30, 2019																	
Cost	14,743,436	574,078	3,789,708	6,097,819	165,059,275	47,356,945	72,372,027	19,756,749	69,090,535	5,291,595	1,615,002	195,128	1,692,509	1,899,028	3,727,790	67,713	413,329,337
Accumulated depreciation	(2,377,343)	-	(781,858)	(1,762,194)	(47,816,811)	(28,958,939)	(25,575,467)	(9,581,104)	(25,097,281)	(2,615,983)	(1,076,907)	(161,308)	(992,127)	(1,080,188)	(1,058,967)	(67,713)	(149,004,190)
Net book value	12,366,093	574,078	3,007,850	4,335,625	117,242,464	18,398,006	46,796,560	10,175,645	43,993,254	2,675,612	538,095	33,820	700,382	818,840	2,668,823	-	264,325,147
Year ended June 30, 2020																	
Opening net book value	12,366,093	574,078	3,007,850	4,335,625	117,242,464	18,398,006	46,796,560	10,175,645	43,993,254	2,675,612	538,095	33,820	700,382	818,840	2,668,823	-	264,325,147
Additions (note 4.4)	-	6,219	2,102,708	232,837	3,059,510	-	15,659,247	8,138,900	11,834,167	60,088	104,425	-	133,362	379,665	34,949		41,746,077
Impairment (note 4.1.3)	-	-	-	-	(1,409,098)			-	-	-	-	-	-	-	-	-	(1,409,098)
Disposals (note 4.2)																	
Cost	-	-	-	-	(299,919)	(20,902)	(342,491)	(91,493)	(258,808)	(192)	(13,912)	(10,498)	(43,485)	(13,566)	(1,441)	-	(1,096,707)
Accumulated depreciation	-	-	-	-	164,929	15,896	278,956	75,071	194,545	192	11,812	9,448	41,006	12,024	1,441	-	805,320
	-	-	-	-	(134,990)	(5,006)	(63,535)	(16,422)	(64,263)	-	(2,100)	(1,050)	(2,479)	(1,542)	-	-	(291,387)
Reclassifications																	
Cost	-	-	-	-	-	-	(2,123,931)	185,435	2,123,931	(185,435)	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	885,965	(9,225)	(885,965)	9,225	-	-	-	-	-	-	-
	-	-	-	-	-	-	(1,237,966)	176,210	1,237,966	(176,210)	-	-	-	-	-	-	-
Depreciation charge (note 4.1.7)	(212,759)	-	(121,790)	(218,792)	(9,513,471)	(1,735,862)	(2,798,849)	(572,464)	(2,941,812)	(616,920)	(82,302)	(4,380)	(204,637)	(117,610)	(214,988)	-	(19,356,636)
Closing net book value	12,153,334	580,297	4,988,768	4,349,670	109,244,415	16,657,138	58,355,457	17,901,869	54,059,312	1,942,570	558,118	28,390	626,628	1,079,353	2,488,784	-	285,014,103
As at June 30, 2020																	
Cost	14,743,436	580,297	5,892,416	6,330,656	166,409,768	47,336,043	85,564,852	27,989,591	82,789,825	5,166,056	1,705,515	184,630	1,782,386	2,265,127	3,761,298	67,713	452,569,609
Accumulated depreciation	(2,590,102)	-	(903,648)	(1,980,986)	(57,165,353)	(30,678,905)	(27,209,395)	(10,087,722)	(28,730,513)	(3,223,486)	(1,147,397)	(156,240)	(1,155,758)	(1,185,774)	(1,272,514)	(67,713)	(167,555,506)
Net book value	12,153,334	580,297	4,988,768	4,349,670	109,244,415	16,657,138	58,355,457	17,901,869	54,059,312	1,942,570	558,118	28,390	626,628	1,079,353	2,488,784	-	285,014,103
Year ended June 30, 2021																	
Opening net book value	12,153,334	580,297	4,988,768	4,349,670	109,244,415	16,657,138	58,355,457	17,901,869	54,059,312	1,942,570	558,118	28,390	626,628	1,079,353	2,488,784	-	285,014,103
Additions (note 4.4)	-	-	419,520	3,767	4,727,961	199,383	6,075,757	3,847,014	14,880,892	8,697	55,417	-	342,490	48,678	-	-	30,609,576
Revaluation surplus (note 4.1.3)	1,986,166	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,986,166
Disposals (note 4.2)																	
Cost	-	-	-	-	(44,741)	(210)	(377,240)	(108,611)	(1,719,385)	(14,205)	(31,264)	(13,797)	(13,746)	(5,746)		-	(2,328,945)
Accumulated depreciation	-	-	-	-	31,623	188	233,912	93,701	1,501,306	14,205	25,965	12,417	13,679	5,151		-	1,932,147
	-	-	-	-	(13,118)	(22)	(143,328)	(14,910)	(218,079)	-	(5,299)	(1,380)	(67)	(595)	-	-	(396,798)
Reclassifications																	
Cost	-	-	-	-	1,201	-	789,191	652,556	(2,816)	(1,440,132)	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	(249)	-	(308,811)	(201,268)	2,535	507,793	-	-	-	-	-	-	-
	-	-	-	-	952	-	480,380	451,288	(281)	(932,339)	-	-	-	-	-	-	-
Depreciation charge (note 4.1.7)	(212,759)		(156,495)	(234,711)	(9,310,623)	(1,613,346)	(2,197,301)	(803,457)	(3,533,478)	(425,910)	(88,432)	(4,199)	(190,510)	(143,066)	(236,253)	-	(19,150,540)
Closing net book value	13,926,741	580,297	5,251,793	4,118,726	104,649,587	15,243,153	62,570,965	21,381,804	65,188,366	593,018	519,804	22,811	778,541	984,370	2,252,531	-	298,062,507
As at June 30, 2021																	
Cost	16,729,602	580,297	6,311,936	6,334,423	171,094,189	47,535,216	92,052,560	32,380,550	95,948,516	3,720,416	1,729,668	170,833	2,111,130	2,308,059	3,761,298	67,713	482,836,406
Accumulated depreciation	(2,802,861)	-	(1,060,143)	(2,215,697)	(66,444,602)	(32,292,063)	(29,481,595)	(10,998,746)	(30,760,150)	(3,127,398)	(1,209,864)	(148,022)	(1,332,589)	(1,323,689)	(1,508,767)	(67,713)	(184,773,899)
Net book value	13,926,741	580,297	5,251,793	4,118,726	104,649,587	15,243,153	62,570,965	21,381,804	65,188,366	593,018	519,804	22,811	778,541	984,370	2,252,531	-	298,062,507
Annual rate of depreciation (%)	1.01 to 3.03		2	2 to 20	2.85 to 33.33	2.85 to 33.33	3 to 10	3 to 3.33	3 to 10	20	10 to 15	20	14.33-33.33	10 to 15	3.33 to 20	14.33	

4.1.1 Leasehold land

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

4.1.2 Other land

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

	Note	2021	2020
		(Rupees in '000)	
Amenity			
- Leasehold		541,050	541,050
- Freehold (mainly grid)		671	671
		541,721	541,721
Leasehold land – owned	4.1.2.1	38,576	38,576
		580,297	580,297

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

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

	Name of external valuer	Revaluation date	Written down value before revaluation	Revalued amount as at revaluation date
			(Rupees in '000)	
Leasehold land	Harvester Services (Private) Limited	June 30, 2021	11,940,574	13,926,740
Plant and machinery - Units 3 & 4 of BQPS-I (note 18.1)	Harvester Services (Private) Limited	September 30, 2019	7,142,098	5,733,000
Plant and machinery - others	Iqbal Nanjee and Company (Private) Limited	June 30, 2019	113,581,409	135,163,017
Transmission grid equipment	Iqbal Nanjee and Company (Private) Limited	June 30, 2019	39,809,303	44,036,646

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

4.1.3.1 The forced sale value of leasehold land, plant and machinery and transmission grid equipment as at the date of respective revaluations amounts to Rs. 11,141 million, Rs. 105,422 million and Rs. 35,229 million, respectively.

4.1.3.2 Had there been no revaluation, the values of specific classes of leasehold land, plant and machinery and transmission grid equipment as at June 30, 2021 and June 30, 2020 under the cost model would have been as follows:

	Cost		Written down value	
	2021	2020	2021	2020
	(Rupees in '000)			
Leasehold land	831,027	831,027	731,013	744,896
Plant and machinery	133,198,668	128,308,018	71,590,687	71,899,638
Transmission grid equipment	61,140,494	54,479,714	45,290,339	40,339,984
	195,170,189	183,618,759	117,612,039	112,984,518

4.1.4 Non financial asset fair valuation

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

The valuation techniques and inputs used to develop fair value measurements are as follows:
Level 1: Quoted prices in active markets for identical assets or liabilities;
Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3: Those whose inputs for the asset or liability are not based on observable market data (unobservable inputs).

Valuation techniques and significant unobservable inputs

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

Leasehold land

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

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

Transmission grid equipment

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

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

Plant and machinery

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

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

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

4.1.5 The cost of fully depreciated assets as at June 30, 2021 is Rs. 52,009 million (2020: Rs. 37,903 million).

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

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

	Note	2021	2020
		(Rupees in '000)	
Expenses incurred in generation, transmission and distribution	36	15,185,523	15,973,212
Consumers services and administrative expenses	37	3,965,017	3,383,424
		19,150,540	19,356,636

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

	Original cost / Revalued amount	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer
	(Rupees in '000)						
Plant and machinery							
Air compressor	25,304	21,663	3,641	16	(3,625)	Tender	M/S Bismillah Metal Impex (Pvt) Ltd.
Battery bank	9,226	3,490	5,736	919	(4,817)	Tender	M/S Rana Brothers Enterprises
Switched mode rectifier	793	159	634	79	(555)	Tender	M/S Rana Brothers Enterprises
Transmission grid equipment and lines							
Battery and cell	10,788	3,202	7,586	304	(7,282)	Tender	M/S Metpak Industries (Pvt) Ltd.
Bushing and isolator	28,002	21,469	6,533	2,483	(4,050)	Tender	M/S Bismillah Metal Impex (Pvt) Ltd.
Cable under ground oil filled	37,769	33,189	4,580	74,106	69,526	Tender	M/S. Noshad Metal Works (Pvt) Ltd.
Copper conductor	9,524	8,392	1,132	79,528	78,396	Tender	M/S Bismillah Metal Impex (Pvt) Ltd.
Copper conductor	10,577	9,401	1,176	112,236	111,060	Tender	M/S Universal Metal (Pvt) Ltd.
Insulator disc	1,666	342	1,324	88	(1,236)	Tender	M/S Alkafeel Processing Industries
Insulator disc	4,329	3,815	514	246	(268)	Tender	M/S M.N Enterprises
Mobile grid	16,870	1,911	14,959	7,478	(7,481)	Insurance Claim	M/S Adamjee Insurance Company Ltd.
Power transformer	65,408	30,018	35,390	10,904	(24,486)	Tender	M/S Bismillah Metal Impex (Pvt) Ltd.
Switch panels, trollies etc.	28,205	7,385	20,820	2,034	(18,786)	Tender	M/S Gada Hussain
Switch panels, trollies etc.	24,413	4,581	19,832	4,947	(14,885)	Tender	M/S Bismillah Metal Impex (Pvt) Ltd.
Distribution networks							
Aluminium cable	19,069	14,831	4,238	27,745	23,507	Tender	M/S K.G.M Alloys
Aluminium cable	10,481	9,433	1,048	21,905	20,857	Tender	M/S Universal Metal (Pvt) Ltd.
Aluminium conductor	28,847	25,263	3,584	45,847	42,263	Tender	M/S Bismillah Metal Impex (Pvt) Ltd.
Copper cable	14,336	12,902	1,434	32,588	31,154	Tender	M/S Bismillah Metal Impex (Pvt) Ltd.
Copper cable	18,232	13,249	4,983	46,458	41,475	Tender	M/S Bismillah Metal Impex (Pvt) Ltd.
Copper cable	5,162	4,646	516	14,144	13,628	Tender	M/S Universal Metal (Pvt) Ltd.
Copper cable	94,948	81,720	13,228	218,130	204,902	Tender	M/S Noshad Metal Works (Pvt) Ltd.
Copper conductor	116,667	105,001	11,666	421,921	410,255	Tender	M/S Bismillah Metal Impex (Pvt) Ltd.
Copper conductor	101,020	90,918	10,102	289,624	279,522	Tender	M/S Noshad Metal Works (Pvt) Ltd.
Copper conductor	49,057	44,151	4,906	198,321	193,415	Tender	M/S Universal Metal (Pvt) Ltd.
Energy meter	27,722	24,950	2,772	6,349	3,577	Tender	M/S M.M Alloys (Pvt) Ltd.
Energy meter	861,772	767,779	93,993	156,515	62,522	Tender	M/S Bismillah Metal Impex (Pvt) Ltd.
Poles	9,133	8,220	913	7,951	7,038	Tender	M/S M.N Enterprises
Poles	5,199	4,679	520	5,339	4,819	Tender	Mr. Muhammad Hanif
Service lines	40,972	30,011	10,961	9,443	(1,518)	Tender	M/S Universal Metal (Pvt) Ltd.
Items having written down value below Rs. 500,000							
Computer and related equipment	13,746	13,679	67	241	174	Tender	Various
Distribution networks	330,973	277,758	53,215	368,713	315,498	Tender	Various
Furniture, air conditioners and office equipment	31,264	25,965	5,299	3,697	(1,602)	Tender	Various
Plant and machinery	9,628	6,499	3,129	642	(2,487)	Tender	Various
Tools and general equipment	5,746	5,151	595	135	(460)	Tender	Various
Transmission grid equipment and lines	248,300	203,908	44,392	98,715	54,323	Tender	Various
Vehicles	13,797	12,417	1,380	14,016	12,636	Tender	Various
	653,454	545,377	108,077	486,159	378,082		
June 30, 2021	2,328,945	1,932,147	396,798	2,283,807	1,887,009		
June 30, 2020	1,096,707	805,320	291,387	507,529	216,142		

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

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

4.4 Capital work-in-progress

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

	Plant and machinery	Transmission grid equiments / lines	Distribution network / renewals of mains and services	Others	2021	2020
	(Rupees in '000)					
Balance at beginning of the year	21,781,521	25,749,857	23,054,371	5,263,442	75,849,191	62,224,407
Additions during the year (note 4.4.1)	50,431,422	7,755,201	21,379,144	1,316,572	80,882,339	55,611,516
	72,212,943	33,505,058	44,433,515	6,580,014	156,731,530	117,835,923
Transfers to operating fixed assets and intangible assets (notes 4.1 and 5.1)	(4,981,164)	(10,392,514)	(14,880,892)	(596,955)	(30,851,525)	(41,986,732)
Balance at end of the year	67,231,779	23,112,544	29,552,623	5,983,059	125,880,005	75,849,191

4.4.1 These include borrowing cost capitalised during the year amounting to Rs. 4,316 million (2020: Rs. 5,693 million).

	Note	2021	2020
		(Rupees in '000)	
4.5 Right of use assets			
Cost			
Opening balance		146,506	-
Impact of application of IFRS 16		-	146,506
Additions during the year		40,106	-
Derecognition	4.5.6	(3,833)	-
		182,779	146,506
Accumulated depreciation			
Opening balance		(28,939)	-
Depreciation charge	37	(30,957)	(28,939)
Derecognition		3,833	-
		(56,063)	(28,939)
Net book value as at June 30		126,716	117,567

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

4.5.2 The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments.

4.5.3 The Company also has certain leases with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

4.5.4 The term of lease agreements ranges from 3 to 10 years.

4.5.5 The rate of depreciation is based on the term of the respective agreement and ranges from 10% to 33.33%.

4.5.6 These represents termination of lease upon completion of contractual tenure of the leased assets.

	Note	2021	2020
		(Rupees in '000)	
5. INTANGIBLE ASSETS			
Computer software			
Cost	5.1	1,885,007	1,643,058
Amortisation to date	5.2	(1,495,737)	(1,330,236)
		389,270	312,822
5.1 Cost			
Opening balance		1,643,058	1,402,403
Additions during the year	4.4	241,949	240,655
		1,885,007	1,643,058
5.2 Amortisation to date			
Opening balance		(1,330,236)	(1,127,793)
Amortisation during the year	36 & 37	(165,501)	(202,443)
		(1,495,737)	(1,330,236)
Useful life		3 years	3 years

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

	Note	2021	2020
		(Rupees in '000)	
6. INVESTMENT PROPERTY			
Leasehold land - at net book value	6.2 & 6.3		
Cost		3,047,856	3,047,856
Accumulated depreciation	6.1	(60,957)	-
		2,986,899	3,047,856
6.1 Accumulated depreciation			
Opening balance		-	-
Depreciation charge	37	(60,957)	-
		(60,957)	-
Useful life		50 years	50 years
Annual rate of depreciation (%)		2.00%	2.00%

6.2 In the year 2016, the Company purchased land, measuring 216 acres situated at Eastern Industrial Zone, Port Qasim, Karachi, for development of 700 MW coal-based power plant (the Project). The Project was to be developed by a separate company and the land was to be transferred to that separate company subsequent to financial close of the Project. However the Cabinet Committee on Energy (CCoE) in its meeting held on June 19, 2020 principally decided for supply of additional power to the Company from national grid and abandonment of the Project. The related land has therefore been classified as investment property as its future use is yet to be determined by the Company.

6.3 The fair value of the land as at June 30, 2021, as assessed by an independent third party valuer, amounts to Rs. 3,888 million (June 30, 2020: 3,456 million)(Level 2 inputs).

7. LONG-TERM LOANS

	Note	Secured House building loans (note 7.1)	Unsecured Festival loans (note 7.2)	2021	2020
		(Rupees in '000)			
Considered good					
Executives		-	36	36	36
Employees		180	15,232	15,412	18,888
		180	15,268	15,448	18,924
Recoverable within one year shown under current assets	11	(180)	(1,403)	(1,583)	(2,395)
		-	13,865	13,865	16,529

7.1 House building loans, carrying mark-up @ 6% (2020: 6%) per annum, are recoverable over a period of sixteen years. These are secured against equitable mortgage of related properties.

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

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

7.4 The maximum aggregate amount of loans due from the executives and employees at the end of any month during the year was Rs. 19 million (2020: Rs. 21 million).

	Note	2021	2020
		(Rupees in '000)	
8. LONG-TERM DEPOSITS			
Considered good			
Rental premises and others		11,744	11,258
Considered doubtful			
Rental premises		1,020	1,020
Provision for impairment		(1,020)	(1,020)
		-	-
		11,744	11,258
9. INVENTORIES			
High speed diesel (HSD)		669,224	46,282
Furnace oil		2,354,424	600,989
		3,023,648	647,271
Stores, spare parts and loose tools		14,172,592	13,218,062
		17,196,240	13,865,333
Provision against slow moving and obsolete stores, spare parts and loose tools	9.1	(1,113,368)	(899,111)
		16,082,872	12,966,222
9.1 Provision against slow moving and obsolete stores, spare parts and loose tools			
Opening balance		899,111	663,348
Provision recognised during the year - net	36 & 37	214,257	235,763
		1,113,368	899,111
10. TRADE DEBTS			
Considered good			
Secured – against deposits from consumers	10.1	5,502,226	5,616,216
Unsecured		99,212,154	94,215,647
	10.2	104,714,380	99,831,863
Considered doubtful		97,746,537	101,500,529
		202,460,917	201,332,392
Provision for impairment against debts considered doubtful	10.4	(97,746,537)	(101,500,529)
		104,714,380	99,831,863

10.1 The Company maintains deposits from consumers, taken as a security for energy dues (note 22).

10.2 These balances do not include any Late Payment Surcharge (LPS) on receivables from public sector consumers, as fully explained in note 31.1.1, on the contention that due to the circular debt situation, the LPS should only be received by the Company from its public sector consumers, if any surcharge is levied on the Company on account of delayed payments of its public sector liabilities.

As at June 30, 2021, receivable from government and autonomous bodies amounting to Rs. 51,396 million (2020: Rs. 49,177 million) includes unrecognised LPS of Rs. 9,079 million (2020: Rs.8,202 million); which includes receivable from Karachi Water and Sewerage Board (KW&SB) amounting to Rs.32,240 million including LPS of Rs. 4,686 million (2020: Rs. 32,537 million including LPS of Rs. 4,200 million) and receivable from City District Government Karachi (CDGK) amounting to Rs.11,609 million including LPS of Rs. 1,873 million (2020: Rs. 10,748 million including LPS of Rs. 1,696 million).

Upto June 30, 2021, adjustment orders amounting to Rs. 12,434 million (2020: Rs. 12,434 million) have been received from the Government of Sindh (GoS) whereby the Company's liability on account of electricity duty has been adjusted against the KW&SB dues.

10.3 Ministry of Energy (Power Division) issued a corrigendum dated January 22, 2020, whereby, in accordance with GoP's uniform tariff policy, the Company was directed to restrict the benefit of Industrial Support Package (ISPA) of Rs. 3/kWh to peak hours only. Thus, ISPA relief of Rs. 3/kWh already passed to industrial consumers on normal consumption and off-peak hours for the period July 2019 to December 2019 was withdrawn and accordingly ISPA arrears were billed to industrial consumers in their monthly bills of April 2020.

The industrial consumers challenged the corrigendum before the Honorable High Court of Sindh (HCS). The HCS in its order dated September 28, 2020 directed the Company to charge determined tariff as per SRO 575(I)/2019 dated May 22, 2019 instead of applying corrigendum. Being aggrieved, the Company challenged the HCS order before Supreme Court of Pakistan (SCP), wherein, the SCP through in its interim order dated November 27, 2020, suspended the order of HCS and allowed prospective implementation of corrigendum dated January 22, 2020, whereas the dispute on payment of ISPA arrears (July 2019 to December 2019) is yet to be decided by the SCP.

The Company, based on the views of its legal counsel, is of the opinion that the Company in its appeal before the SCP has raised substantive grounds and that the appeal has fairly reasonable prospects of success. Therefore, as per opinion of external legal counsel, ISPA arrears amounting Rs. 2,991 million would eventually be recovered from the industrial consumers and the case would eventually be decided in favour of the Company. However, even if the ISPA arrears amount is not recovered from the industrial consumers, the said amount would be payable to the Company by the GoP.

	Note	2021	2020
		(Rupees in '000)	
10.4 Provision for impairment			
Opening balance		101,500,529	96,978,188
Provision made during the year	10.5 & 32.1	15,743,291	13,964,046
		117,243,820	110,942,234
Write-off against provision during the year	10.4.1	(19,497,283)	(9,441,705)
		97,746,537	101,500,529

10.4.1 This includes write-off of Rs. 16,040 million (2020: Rs. 7,492 million) to be claimed as tariff adjustment in accordance with the criteria prescribed by NEPRA as explained in note 33.2.

10.5 Impairment loss against trade debts determined using the ECL model amounts to Rs. 15,743 million (2020: Rs. 13,188 million), while provision against public sector consumers recognised during the year amounts to Rs. 0.408 million (2020: Rs. 0.443 million).

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

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

	Note	2021	2020
		(Rupees in '000)	
Neither past due nor impaired			
Upto 30 days		43,343,369	36,286,003
Past due but not impaired			
30 days upto 6 months		6,835,042	8,057,792
6 months upto 1 year		7,806,387	7,503,047
1 - 2 years		12,271,097	12,299,420
2 - 3 years		9,955,160	11,061,264
3 - 4 years		8,136,889	9,689,280
Over 4 years		16,366,436	14,935,057
		104,714,380	99,831,863

	Note	2021	2020
		(Rupees in '000)	
11. LOANS AND ADVANCES			
Loans – secured			
Considered good			
Current portion of long term loans	7	1,583	2,395
Advances – unsecured			
Considered good			
Employees	11.1	110,764	100,393
Suppliers		2,475,311	1,703,628
		2,586,075	1,804,021
Considered doubtful			
Suppliers		130,340	130,340
		2,716,415	1,934,361
Provision for impairment against advances considered doubtful		(130,340)	(130,340)
		2,586,075	1,804,021
		2,587,658	1,806,416

11.1 These are advances to employees for business related expenses.

	Note	2021	2020
12. DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits	12.1 & 12.2	3,827,283	3,484,303
Prepayments			
Rent		5,773	11,130
Insurance and others		172,145	99,731
		177,918	110,861
		4,005,201	3,595,164

12.1 These include Rs. 38 million (2020: Rs. 140 million), representing margins / security deposits held by commercial banks against guarantees, letters of credit and other payments.

12.2 These include Rs. 3,542 million (2020: Rs. 3,130 million) representing deposits under lien against settlement of loans and sukuk repayments with commercial banks. These carry mark-up ranging from 5.93% to 6.13% (2020: 7.5% to 12.45%) per annum.

	Note	2021	2020
		(Rupees in '000)	
13. OTHER RECEIVABLES			
Considered good			
Sales tax - net		7,365,116	9,272,130
Due from the Government of Pakistan (GoP) and Government of Balochistan (GoB) - net:			
- Tariff adjustment	13.1, 13.3 & 13.4	266,875,046	202,455,318
- Interest receivable from GoP on demand finance liabilities		237,173	237,173
		267,112,219	202,692,491
Others	13.5	509,628	77,733
		274,986,963	212,042,354

13.1 This includes Rs. 37,148 million recorded as claims for write off of trade debts. The claims submitted by the Company for the years ended June 30, 2017, June 30, 2018 and June 30, 2019 aggregating to Rs. 13,616 million have been pending for determination by NEPRA for which NEPRA through its letters dated December 31, 2019 and March 10, 2021 stated that further deliberation is required in respect of the above-mentioned claims before these can be allowed as an adjustment in tariff. Further, claims amounting to Rs. 7,492 million and provisional claims amounting to Rs. 15,900 million pertaining to years ended June 30, 2020 and June 30, 2021 respectively (i.e. aggregating to Rs. 23,392 million) have been submitted which are also pending for determination by NEPRA. The claim for the year 2021 will be actualised to Rs. 16,040 million after the approval of these financial statements by the Board of Directors of the Company.

13.2 This includes Rs. 6,037 million (2020: Rs. 6,037 million) on account of unrecovered cost of prior years. In previous years, the tariff adjustment mechanism was to pass on the effect of variation in cost of fuel and power purchase on quarterly basis. This formula capped adjustment on account of quarterly fuel price and cost of power purchase variation to 4% and the remaining burden or relief was to be carried forward to the next quarterly adjustment. However, the adverse fuel price movements since 2005 resulted in additional costs which were not being recovered due to 4% cap and increasing burden was being placed upon the Company with respect to such unrecovered amount.

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

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

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

13.3 This includes subsidy receivable of Rs. 677 million (2020: Rs. 677 million) in respect of subsidised electricity supplied to certain areas of Balochistan for the period December 2012 to June 2014, in accordance with the notification issued by the Finance Division dated November 28, 2012. However, in June 2014, the Ministry of Energy (Power Division) denied the aforementioned subsidy claim contending that the subsidised electricity claim is not applicable for the Company and that it was only for Quetta Electric Supply Company Limited that supplied electricity in similar areas. The Company is in continuous engagement with the Ministry of Energy (Power Division) for resolution of this matter, however, the subsidised portion will be recovered by the Company from the relevant consumers in the event the subsidy claim is not honoured and recovered from the Government.

13.4 This includes gas load management plan differential amounting to Rs. 2,618 million (2020: Rs. 2,618 million), outstanding tariff differential claims pertaining to the period January 2014 to December 2014 amounting to Rs. 12,672 million (2020: Rs. 12,672 million), and outstanding industrial support package adjustment amounting to Rs. 34,529 million (2020: Rs. 34,529 million) which has been referred to the Ministry of Energy (Power Division), by the Ministry of Finance (MoF) for appropriate action including approval from ECC. The Company is of the view that all these claims have arisen due to decision / directions of the GoP and have been duly verified by the Ministry of Energy (Power Division). Hence, these are valid and legitimate receivables of the Company from GoP. Further, this includes tariff variations pending determination by NEPRA, accrued in accordance with the MYT decision.

13.5 These include receivable from following related parties:

	Note	2021	2020
		(Rupees in '000)	
KEVCL	13.5.1	4,112	-
K-Solar	13.5.1	8,996	-
CPPA / NTDC	13.5.1	427,417	-
		440,525	-

13.5.1 These represents the maximum aggregate amount due from the KEVCL, K-Solar and CPPA / NTDC at the end of any month during the year.

	Note	2021	2020
		(Rupees in '000)	
14. DERIVATIVE FINANCIAL ASSETS			
Cross currency swap	14.1 & 14.2	3,276,351	4,632,953

14.1 The Company has entered into multiple cross currency swap arrangements with commercial banks in connection with foreign currency borrowings as disclosed in notes 20.1, 20.2 and 20.4. Pursuant to the agreements, the Company's foreign currency borrowings up to USD 116.96 million (2020: USD 95.37 million) and EUR 32.04 million (2020: EUR 33.64 million) were converted into hedged Pakistan Rupee amount and the interest rate accruing thereon is payable to the hedging bank at 3 months KIBOR + spread ranging from negative 1.87 to positive 0.40 basis points.

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

	Note	2021	2020
		(Rupees in '000)	
15. CASH AND BANK BALANCES			
Cash in hand		39,256	36,679
Cash with:			
Conventional banks:			
- Current accounts		115,401	232,594
- Deposit accounts	15.1	128,148	1,410,773
- Collection accounts		1,974,532	1,376,518
		2,218,081	3,019,885
Islamic banks:			
- Current accounts		7,013	17,331
- Deposit accounts	15.1	38,206	2,192
- Collection accounts		68,335	12,726
		113,554	32,249
		2,370,891	3,088,813

15.1 These carry mark-up at rates ranging from 4.5% to 6.28% (2020: 6.93% to 12.45%) per annum.

16. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2021	2020		Note	2021	2020
				(Rupees in '000)	
		Authorised share capital			
32,857,142,857	32,857,142,857	Ordinary shares of Rs. 3.5 each		115,000,000	115,000,000
2,857,142,857	2,857,142,857	Redeemable preference shares of Rs. 3.5 each		10,000,000	10,000,000
35,714,285,714	35,714,285,714			125,000,000	125,000,000
		Issued, subscribed and paid-up capital			
		Issued for cash			
14,493,490,368	14,493,490,368	Ordinary shares of Rs. 3.5 each fully paid	16.2 & 16.3	50,727,215	50,727,215
		Issued for consideration other than cash			
12,988,827,989	12,988,827,989	Ordinary shares of Rs. 3.5 each fully paid	16.4 to 16.8	45,460,898	45,460,898
		Issued as bonus shares			
132,875,889	132,875,889	Ordinary shares of Rs. 3.5 each fully paid as bonus shares		465,066	465,066
13,121,703,878	13,121,703,878			45,925,964	45,925,964
		Transaction costs on issuance of shares		(391,628)	(391,628)
27,615,194,246	27,615,194,246		16.1	96,261,551	96,261,551

16.1 KES Power Limited (the Holding Company) held 18,335,542,678 ordinary shares as at June 30, 2021 (2020: 18,335,542,678) i.e. 66.40% of the Company's issued, subscribed and paid up capital.

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

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

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

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

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

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

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

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

16.9 Profits earned by the Company since 2009 have all been reinvested into the Company's business taking into account the capital expenditure requirements, the Company's financial position and level of accumulated losses and requirements of the lenders. Consequently, the level of adjusted invested equity in the business at the end of June 30, 2021 (hereinafter defined as "Adjusted Invested Equity") comprises of issued share capital, reserves (excluding surplus on revaluation of fixed assets), adjusted profits since 2009 which were retained in the business (excluding impact of deferred tax asset and incremental depreciation relating to surplus on revaluation of fixed assets) and excluding impact of accumulated losses till the year ended June 30, 2011.

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

	Note	2021	2020
		(Rupees in '000)	
Shareholder's equity in the statement of financial position		223,951,516	210,658,371
Surplus on revaluation of property, plant and equipment - net		(55,932,669)	(59,232,336)
		168,018,847	151,426,035
Accumulated losses up to June 30, 2011		79,864,661	79,864,661
Deferred tax (net) recognised on surplus of revaluation of property, plant and equipment		(22,845,738)	(24,193,490)
Adjusted Invested Equity (excluding impact of accumulated losses up to June 30, 2011 and surplus on revaluation of property, property, plant and equipment)		225,037,770	207,097,206
The Adjusted Invested Equity is summarised below:			
Issued, subscribed and paid up capital	16	96,261,551	96,261,551
Capital reserves	17	2,009,172	2,009,172
General reserves		5,372,356	5,372,356
Profits available for distribution reinvested in the Company (Total comprehensive income for the year excluding the impact of deferred tax asset and incremental depreciation):			
- FY 2012 to FY 2020		129,190,530	129,190,530
- FY 2021		17,940,564	-
		147,131,094	129,190,530
		250,774,173	232,833,609
Impact of change in accounting policy on retained earnings (Adoption of IFRS 9 in FY-19)		(25,736,403)	(25,736,403)
Adjusted Invested Equity (excluding impact of accumulated losses up to June 30, 2011 and surplus on revaluation of property, plant and equipment)		225,037,770	207,097,206

17. CAPITAL RESERVES

	Note	2021	2020
Share premium	16.3	1,500,000	1,500,000
Others	17.1	509,172	509,172
		2,009,172	2,009,172

17.1 Others

	Note	2021	2020
Unclaimed fractional bonus shares money	17.1.1	46	46
Workmen compensation reserve	17.1.2	700	700
Third party liability reserve	17.1.3	300	300
Fire and machinery breakdown insurance reserve	17.1.4	508,126	508,126
		509,172	509,172

17.1.1 Unclaimed fractional bonus shares money

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

17.1.2 Workmen compensation reserve

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

17.1.3 Third party liability reserve

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

17.1.4 Fire and machinery breakdown insurance reserve

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

18. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents revaluation surplus relating to leasehold land, plant and machinery and transmission grid equipment (notes 4.1.3 and 4.1.4). The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

	Note	2021	2020
		(Rupees in '000)	
Balance as at the beginning of the year		83,425,826	92,789,348
Transferred to unappropriated profit in respect of incremental depreciation charged / disposals during the year, net of deferred tax		(4,709,845)	(5,647,641)
Related deferred tax liability		(1,923,740)	(2,306,783)
Revaluation surplus arising during the year	4.1.3	1,986,166	-
Impairment of revalued plant and machinery recognised during the year	18.1	-	(1,409,098)
		(4,647,419)	(9,363,522)
		78,778,407	83,425,826
Less: Related deferred tax liability on:			
- Revaluation at the beginning of the year		(24,193,490)	(26,908,911)
- Revaluation surplus arising during the year	25.1	(575,988)	-
- Incremental depreciation charged / disposals during the year		1,923,740	2,306,783
- Impairment charge recognised during the year	4.1.3	-	408,638
		(22,845,738)	(24,193,490)
		55,932,669	59,232,336

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

In view of the aforementioned resolution of the Board of Directors, effective September 30, 2019 revised remaining useful life was determined for both Units 3 and 4 of BQPS I. Accordingly, in view of the change in the remaining useful lives of Units 3 and 4 of BQPS I and the expected cash inflow pattern, an impairment exercise was carried out as at September 30, 2019 through an external valuer based on whose report an impairment charge amounting to Rs. 1,409 million has been recognised during the year ended June 30, 2020 against the revaluation surplus in respect of Units 3 and 4 of BQPS I.

	Note	2021	2020
		(Rupees in '000)	
19. LONG-TERM DIMINISHING MUSHARAKA			
KE Sukuk of Rs. 22,000 million	19.1	4,384,851	8,745,935
KE Sukuk of Rs. 25,000 million	19.2	24,778,804	23,574,851
		29,163,655	32,320,786
Less: Current maturity shown under current liabilities		(4,400,000)	(4,400,000)
		24,763,655	27,920,786

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

19.2 During the year ended June 30, 2020, the Company received Rs. 23,708 million from pre-IPO portion of the Sukuk issue, whereas, the remaining cash inflows of Rs. 1,292 million from the IPO investors were received during the current year. The above transactions were recorded net off transaction costs. The Sukuk carries profit at the rate of 3 months KIBOR + 1.7% with tenure of seven years from the issue date and are structured in such a way that first quarterly principal repayment installment will commence from November 2022. 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 financial statements on the basis of substance of the transaction.

	Note	2021	2020
		(Rupees in '000)	
20. LONG-TERM FINANCING			
From banking companies and financial institutions - secured			
Conventional:			
Hermes financing facility	20.1 & 20.5	6,000,731	6,344,837
Sinosure financing facility	20.2 & 20.5	13,493,255	11,825,003
Syndicate Term Finance facility	20.3 & 20.5	10,976,322	12,891,284
GuarantCo. financing facility	20.4 & 20.5	7,809,046	8,009,167
Salary refinance scheme	20.6	750,000	1,000,000
		39,029,354	40,070,291
With Islamic banks:			
Syndicate Term Finance facility	20.3 & 20.5	8,925,000	10,500,000
		47,954,354	50,570,291
Less:			
Current maturity shown under current liabilities		(12,303,651)	(7,094,066)
		35,650,703	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	20.7	26,000	26,000
Current maturity shown under current liabilities		(26,000)	(26,000)
		-	-
		35,650,703	43,476,225

20.1 This represents Pakistan Rupee equivalent outstanding balance of EUR 32.04 million (2020: EUR 33.64 million) disbursed under Hermes supported facility agreement entered into on December 22, 2015 amounting to EUR 46.5 million, with Standard Chartered Bank, London Branch. In October 2017, through 2nd amendment to the facility agreement, amount under the facility has been enhanced to EUR 51.5 million. The loan is being utilised to fund the Transmission Project (TP 1000-04). The loan carries mark-up at 3 month EURIBOR + 1.65% per annum. The loan is to be settled in 28 quarterly installments which commenced from March 16, 2019 with final repayment due on December 16, 2025. The Company has executed cross currency swaps with commercial banks to hedge the Company's foreign currency principal payment obligations under the facility.

20.2 This represents Pakistan Rupee equivalent outstanding balance of USD 91.96 million (2020: US 70.366 million) disbursed under Sinosure supported facility agreement entered into on December 22, 2015 amounting to USD 91.5 million, with a syndicate of foreign commercial lenders. During the year, through amendment to the facility agreement, amount under the facility has been enhanced to USD 157.1 million. 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. The Company has executed cross currency swaps with commercial banks to hedge the Company's foreign currency principal payment obligations under the facility.

20.3 This represents outstanding balance against Syndicate Term Finance Facility of Rs. 19.975 billion entered into on November 6, 2018 with a syndicate of local commercial banks. The loan is being utilised to fund the TP-1000 project and ongoing distribution projects. The loan carries mark-up at 3 months KIBOR + 1% per annum. The facility is to be settled in 20 quarterly installments which commenced from December 16, 2020 with final repayment due on September 16, 2025.

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

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

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

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

- hypothecation charge over specific consumers' receivables; and

- lien on specific accounts and deposits by way of first pari passu charge.

20.6 This represents outstanding loan amount disbursed during the year against facility of Rs. 1,000 million obtained from Bank Al-Falah Limited under the State Bank of Pakistan (SBP) Salary refinance scheme. The loan has been utilized to partially 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 is to be settled in eight equal quarterly installments which commenced from January 2021. The facility is secured against joint pari passu hypothecation charge over current assets of the Company.

Further, during the year, the Company has repaid the entire outstanding loan balance of Rs. 750 million against loan of Rs. 1,000 million which was obtained in May 2020 from Allied Bank Limited under the State Bank of Pakistan (SBP) Salary refinance scheme to partially finance employee payroll for the months of April, May and June 2020. The loan carried subsidised mark-up of 1.30% per annum and was to be settled in 8 quarterly installments.

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

	Note	2021	2020
		(Rupees in '000)	
21. LEASE LIABILITIES			
Lease liabilities		132,065	120,700
Less: Current maturity shown under current liabilities	21.1	(31,723)	(23,474)
		100,342	97,226

21.1 The maturity analysis of lease liabilities is as follows:

	Future minimum lease payments	Interest	Present value of future minimum lease payments
		(Rupees in '000)	
Less than one year	46,458	14,735	31,723
Between one and five years	99,373	30,644	68,729
More than five years	35,652	4,039	31,613
	181,483	49,418	132,065

21.2 The cash outflow in respect of lease payments for the year ended June 30, 2021 is Rs. 45.215 million (2020: 33.223 million).

22. LONG-TERM DEPOSITS

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

	Note	2021	2020
		(Rupees in '000)	
23. EMPLOYEE RETIREMENT BENEFITS			
Gratuity	23.1.1	2,887,666	3,514,367
Post retirement medical benefits	23.1.1	711,886	633,450
Post retirement electricity benefits	23.1.1	403,308	399,904
Accumulating leave payable	23.1.14	714,274	714,318
		4,717,134	5,262,039

23.1 Actuarial valuations of retirement benefits

The latest actuarial valuations were carried out as at June 30, 2021, using the "Projected Unit Credit Method", details of which are presented in notes 23.1.1 to 23.1.14.

		Gratuity		Medical benefits		Electricity benefits	
		2021	2020	2021	2020	2021	2020
				(Rupees in '000)			
23.1.1	**Net recognised liability**						
	Net liability at the beginning of the year	3,514,367	3,425,842	633,450	558,753	399,904	390,728
	Expense recognised in profit or loss	835,598	981,677	92,058	104,675	96,880	96,997
	Contributions / Benefits paid during the year	(1,533,444)	(672,131)	(107,050)	(85,193)	(91,177)	(72,529)
	Remeasurement recognised in other comprehensive income	71,145	(221,021)	93,428	55,215	(2,299)	(15,292)
	Net liability at the end of the year	2,887,666	3,514,367	711,886	633,450	403,308	399,904
23.1.2	**Expense recognised in profit or loss**						
	Current service cost	602,049	564,558	22,136	37,846	13,718	13,614
	Past service, termination and settlement cost	-	-	21,994	-	58,186	45,427
	Net interest	233,549	417,119	47,928	66,829	24,976	37,956
	Chargeable in profit or loss	835,598	981,677	92,058	104,675	96,880	96,997
23.1.3	**Remeasurement loss / (gain) recognised in other comprehensive income**						
	Remeasurement due to change in demographic assumptions:						
	- experience adjustment	169,121	(22,883)	93,428	55,215	(2,299)	(15,292)
	- return on investment	(97,976)	(198,138)	-	-	-	-
	Recognised in other comprehensive income	71,145	(221,021)	93,428	55,215	(2,299)	(15,292)
23.1.4	**Reconciliation of liability / (asset) as at reporting date**						
	Present value of defined benefit obligation	6,459,128	6,174,367	711,886	633,450	403,308	399,904
	Fair value of plan assets	(3,571,462)	(2,660,000)	-	-	-	-
	Net liability at end of the year	2,887,666	3,514,367	711,886	633,450	403,308	399,904
23.1.5	**Movement in present value of defined benefit obligations**						
	Balance at the beginning of the year	6,174,367	5,674,189	633,450	558,753	399,904	390,728
	Current service cost	602,049	564,558	22,136	37,846	13,718	13,614
	Past service cost	-	-	21,994	-	58,186	45,427
	Interest cost	483,596	714,955	47,928	66,829	24,976	37,956
	Remeasurements: Actuarial (gain) / loss	169,121	(22,883)	93,428	55,215	(2,299)	(15,292)
	Benefits paid	(970,005)	(756,452)	(107,050)	(85,193)	(91,177)	(72,529)
	Balance at the end of the year	6,459,128	6,174,367	711,886	633,450	403,308	399,904
23.1.6	**Movement in fair value of plan assets**						
	Balance at the beginning of the year	2,660,000	2,248,347				
	Interest income	250,047	297,836				
	Remeasurements: Actuarial gain / (loss)	97,976	198,138				
	Contributions made	1,533,444	672,131				
	Benefits paid	(970,005)	(756,452)				
	Balance at the end of the year	3,571,462	2,660,000				

23.1.7 Plan assets comprise of:

Bank deposits	421,407	492,135
Corporate bonds	335,921	421,150
Mutual funds	1,403,995	327,476
Government bonds	1,769,442	1,815,705
Benefits due	(359,303)	(396,466)
	3,571,462	2,660,000

23.1.8 Principal actuarial assumptions used in the actuarial valuation:

Financial assumptions	2021	2020
Discount rate	9.90%	8.50%
Salary increase	7.80%	6.40%
Electricity tariff increase	4.70%	3.40%
Medical cost trend	4.70%	3.40%
Demographic assumptions		
Expected mortality rate	70% of the EFU (61-66)	70% of the EFU (61-66)
Expected withdrawal rate	Moderate	Moderate

23.1.9 The plans expose the Company to the following risks:

Salary risk

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

Mortality / withdrawal risk

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

Investment risks

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

23.1.10 Sensitivity analysis for actuarial assumptions

The impact of one percent movement in the assumptions used in determining retirement benefit obligations would have had the following effects on the June 30, 2021 actuarial valuation:

	June 30, 2021	
	1% increase	1% decrease
	(Rupees in '000)	
Discount rate	(539,513)	625,929
Salary increase	551,276	(481,489)
Electricity tariff increase	24,611	(22,004)
Medical cost trend	59,445	(52,573)

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

23.1.11 Maturity profile

Projected payments during the following years is as follows:

	Gratuity	Medical benefits	Electricity benefits
		(Rupees in '000)	
Benefit payments:			
FY 2022	491,191	55,994	29,089
FY 2023	850,307	58,820	32,172
FY 2024	829,418	62,212	33,402
FY 2025	877,849	65,505	38,658
FY 2026	941,786	69,164	39,398
FY 2027-31	4,437,650	396,874	220,010

23.1.12 Plan duration

	Gratuity	Medical benefits	Electricity benefits
		Years	
June 30, 2021	8.9	8.7	7.9
June 30, 2020	8.4	8.8	7.9

23.1.13 Based on the actuarial advice, the Company is to charge approximately Rs. 873 million, Rs. 90 million and Rs. 44 million in respect of gratuity, medical benefits and electrical benefits schemes, respectively, during the year ending June 30, 2022.

23.1.14 Accumulating leaves

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

24. DEFERRED REVENUE

	Note	2021	2020
		(Rupees in '000)	
Balance at beginning of the year		24,814,138	23,209,643
Recoveries from customers during the year	24.1	5,076,643	3,605,876
		29,890,781	26,815,519
Amortisation for the year	39	(2,193,134)	(2,001,381)
		27,697,647	24,814,138

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

25. DEFERRED TAXATION

25.1 The deferred tax balance as at June 30, 2021 comprise of the following:

	Balance as at July 1, 2019	Recognised in profit or loss	Recognised in OCI	Balance as at June 30, 2020	Recognised in profit or loss	Recognised in OCI	Balance as at June 30, 2021
	(Rupees in '000)						
Deferred tax liability on:							
Accelerated tax depreciation	(29,949,756)	(3,978,709)	-	(33,928,465)	(2,983,518)	-	(36,911,983)
Surplus on revaluation of property, plant and equipment	(26,908,911)	2,306,783	408,638	(24,193,490)	1,923,740	(575,988)	(22,845,738)
	(56,858,667)	(1,671,926)	408,638	(58,121,955)	(1,059,778)	(575,988)	(59,757,721)
Deferred tax asset on:							
Available tax losses	28,315,550	(147,197)	-	28,168,353	2,423,600	-	30,591,953
Provision for gratuity and compensated absences	1,483,661	132,026	(52,518)	1,563,169	(201,785)	47,059	1,408,443
Others	27,059,456	1,330,977	-	28,390,433	(633,108)	-	27,757,325
	56,858,667	1,315,806	(52,518)	58,121,955	1,588,707	47,059	59,757,721
	-	(356,120)	356,120	-	528,929	(528,929)	-

25.2 As at June 30, 2021, the Company has aggregated deferred tax debits amounting to Rs. 149,538 million (2020: Rs. 134,594 million) out of which deferred tax asset amounting to Rs. 59,758 million (2020: 58,122 million) has been recognised and remaining balance of Rs. 89,780 million (2020: Rs. 76,472 million) remains unrecognised. As at year end, the Company's carried forward tax losses amounted to Rs. 415,076 million (2020: Rs. 360,828 million), out of which business losses amounting Rs. 177,710 million (2020: Rs. 146,592) have expiry period ranging between the financial years 2022 and 2027.

26. TRADE AND OTHER PAYABLES

	Note	2021	2020
		(Rupees in '000)	
Trade creditors			
Power purchases		234,486,600	166,541,185
Fuel and gas		21,166,153	23,125,229
Others		41,960,100	27,958,146
	26.1	297,612,853	217,624,560
Accrued expenses	26.2	6,131,052	3,929,817
Contract liabilities			
Energy	26.3	1,176,428	1,470,679
Others	26.4	4,106,254	4,649,852
		5,282,682	6,120,531
Other liabilities			
Employee related dues		206,360	195,573
Payable to provident fund		92,636	89,724
Electricity duty	26.5	11,238,500	7,827,233
Tax deducted at source	26.5	1,954,656	681,666
PTV license fee	26.5	162,289	171,301
Workers' profits participation fund	26.6	3,769,853	3,394,555
Workers' welfare fund	26.7	944,391	944,391
Payable to the Managing Agent - PEA (Private) Limited		28,871	28,871
Others including clawback	31.1.2	26,430,630	26,622,758
		44,828,186	39,956,072
		353,854,773	267,630,980

26.1 These include payable to following related parties:

	2021	2020
	(Rupees in '000)	
Pakistan State Oil Company Limited	2,559,046	2,295,517
Sui Southern Gas Company Limited	18,603,489	20,826,123
BYCO Petroleum Pakistan Limited	3,619	3,589
Central Power Purchasing Agency (Guarantee) Limited (CPPA)	226,794,171	158,882,427
	247,960,325	182,007,656

26.2 These include an aggregate amount of Rs. 1,219 million (2020: Rs. 1,026 million) representing outstanding claims / dues of property taxes, water charges, ground rent and occupancy value payable to various government authorities.

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

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

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

26.6 Sindh Companies Profit (Workers Participation) Act, 2015 (SWPPF Act) was enacted on April 22, 2016 and is applicable retrospectively with effect from July 1, 2011. Sindh Revenue Board (SRB) issued show cause notices to the Company for the years 2012 and 2013 for payment of leftover amounts out of the annual allocation to the fund constituted under the Sindh Workers Welfare Fund Act, 2014. The Company has challenged SWPPF Act before the High Court of Sindh and obtained stay order. However, based on prudence provision amounting to Rs. 3,141 million (2020: Rs. 3,141 million) in respect of years 2012 to 2015 is being maintained by the Company. Movement of provision during the year is as follows:

	Note	2021	2020
		(Rupees in '000)	
Balance at beginning of the year		3,394,555	4,373,985
Provision recognised during the year	38	807,676	18,900
Payment made to the fund	26.6.1	(432,378)	(998,330)
Balance at end of the year		3,769,853	3,394,555

26.6.1 This represents payments made to the fund in respect of WPPF for the year ended June 30, 2019 & 2020 (2020: June 30, 2017 & 2018).

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

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

27. ACCRUED MARK-UP

	Note	2021	2020
		(Rupees in '000)	
Mark-up on long-term financing		559,259	247,163
Mark-up on borrowings relating to Financial Improvement Plans		15,357	15,357
Mark-up on short-term borrowings		1,052,155	1,301,845
Interest on consumer deposits	31.1.6	1,962,573	1,481,150
Financial charges on delayed payment to suppliers	31.1.1	5,268,823	5,268,823
		8,858,167	8,314,338

28. SHORT-TERM BORROWINGS

		Note	2021	2020
			(Rupees in '000)	
Secured:				
From banking companies:				
Bills payable	- Conventional	28.1 & 28.2	18,702,092	23,113,810
	- Shariah compliant	28.1 & 28.2	1,500,000	-
Short-term running finances	- Conventional	28.1 & 28.3	32,835,438	25,679,411
	- Shariah compliant	28.1 & 28.3	5,515,000	3,244,927
Bridge term finance facility - 1	- Conventional	28.1 & 28.4	-	3,400,000
Bridge term finance facility - 2	- Conventional	28.5	26,400,000	-
	- Shariah compliant	28.5	1,910,000	-
			86,862,530	55,438,148
From others:				
Islamic Commercial Paper	- Shariah compliant	28.6	20,160,667	17,088,621
The Holding Company - unsecured	- Conventional		-	17,598
			107,023,197	72,544,367

28.1 The total limit of various financing facilities available from banks aggregate to Rs.76,718 million (2020: Rs. 83,223 million) out of which Rs. 18,165 million (2020: Rs. 26,785 million) remained unutilised as of reporting date.

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

28.3 The Company has arranged various facilities for short-term working capital requirements from multiple commercial banks and a development financial institution on mark-up basis. These are for a period of upto one year and carry mark-up of relevant tenure KIBOR + 0.1% to 2% per annum. These facilities are secured against joint pari passu charge over current assets. In addition, demand promissory notes in respect of the above mentioned facilities have also been furnished by the Company.

28.4 This represents bridge term finance facility entered into on December 20, 2019 with a local commercial bank to fund 1st tranche of advance payment arising under supply & construction contracts of BQPS-III combined cycle power plant and associated transmission projects of the Company. The facility carried mark-up at 6 month KIBOR + 1.15% per annum, payable in quarterly installments. The facility has been repaid during the year and was secured against charge over specific grid stations.

28.5 These represent drawdowns under bridge term finance facilities of Rs. 20,000 million and Rs. 8,300 million 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 installments. 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.

28.6 These represent five distinct privately placed and unsecured Islamic Commercial Paper (ICP) of 6 months' tenor amounting to Rs. 20,500 million (face value) in aggregate. The proceeds therefrom were utilised for repayments upon maturity of previously issued ICPs and partially to finance the Company's additional working capital requirements. These carry profit at 6 month KIBOR + 0.4% to 0.6% (2020: 6 month KIBOR + 0.9% to 1.3%) per annum.

29. SHORT-TERM DEPOSITS

	Note	2021	2020
		(Rupees in '000)	
Service connection deposits	29.1	13,581,171	11,353,762
Suppliers' security deposits		33,249	124,406
Earnest / Retention money	29.2	5,757,698	7,946,141
		19,372,118	19,424,309

29.1 These include non-interest bearing amounts deposited by the consumers in respect of service connections, extension of mains and street lights. The same are refundable if related work is not completed by the Company. Upon completion of work, these deposits are transferred to deferred revenue (note 24.1).

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

		Note	2021	2020
30.	PROVISION		(Rupees in '000)	
	Balance at beginning of the year		7,500	21,400
	Provision made during the year		52,900	2,700
	Payments made in respect of out of court settlements		(52,900)	(16,600)
	Balance at end of the year	30.1	7,500	7,500

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

31. CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

31.1.1 Mark-up on overdue balances with National Transmission and Dispatch Company (NTDC) / Central Power Purchasing Agency (Guarantee) Limited (CPPA), a major government owned power supplier, has not been accrued in these financial statements. With effect from June 2015, CPPA has assumed the central power purchase division of NTDC along with the related assets, rights and liabilities of NTDC, including alleged receivables from the Company. The Company is of the view that in accordance with the mechanism defined in the Power Purchase Agreement (PPA) dated January 26, 2010 with NTDC, NTDC's dues are to be settled by the Ministry of Finance (MoF) through payment of the Company's tariff differential claims directly to NTDC. Up to June 30, 2021, the MoF has released the Company's tariff differential claims aggregating Rs. 392,942 million (June 30, 2020: Rs. 392,942 million) directly to NTDC / CPPA. Additionally, the Company has also directly paid Rs. 46,668 million up to June 30, 2021 (June 30, 2020: Rs. 43,475 million) to NTDC / CPPA on account of its outstanding dues on an agreed mechanism. The PPA with NTDC has expired on January 25, 2015. However, the supply of electricity of 650 Megawatts (MW) continues in line with the High Court of Sindh's order dated February 6, 2014. Moreover, in accordance with Cabinet Committee on Energy (CCoE)'s decision dated August 27, 2020 and subsequent to completion of rehabilitation work, the overall interconnection capacity has been enhanced to 1,400 MW and the supply of electricity from NTDC / CPPA has been increased to 1,100 MW in order to meet additional demand and has been billed in line with the terms of PPA. Discussions with NTDC / CPPA are underway for the renewal of PPA.

On June 22, 2018, NTDC / CPPA filed a suit in the Civil Court of Islamabad for recovery of Rs. 83,990 million up to May 2018, comprising of principal amounting to Rs. 66,347 million and mark-up thereon amounting to Rs. 17,643 million, the decision of which is pending to date. Within the alleged claims filed by NTDC / CPPA in the aforementioned suit, release of tariff differential claims amounting to Rs. 15,021 million was unilaterally adjusted by NTDC / CPPA against the disputed mark-up claim. This was subsequently corrected by NTDC / CPPA and adjusted against the principal balance (resulting in decrease in principal amount with corresponding increase in mark-up), as confirmed from invoices and correspondence received afterwards. NTDC / CPPA's mark-up claim up to June 30, 2021 amounts to Rs. 80,312 million (June 30, 2020: Rs. 56,098 million) which is on the premise that while the outstanding amounts were to be adjusted against tariff differential claims, the Company is eventually responsible for payments of all outstanding amounts, including mark-up. However, the Company has not acknowledged the disputed mark-up claimed by NTDC / CPPA as debt, as the Company is of the view that the disputed mark-up claims would not have arisen in case tariff differential claims payments, including payments related to claims of unrecovered cost due to 4% capping and gas load management plan were released to NTDC / CPPA by the MoF on behalf of the Company on timely basis.

In addition to above, the mark-up claimed by Sui Southern Gas Company Limited (SSGC) through its monthly invoices upto June 2021 aggregates to Rs. 109,341 million (June 30, 2020: Rs. 92,178 million), which has not been accrued by the Company. In view of the Company, the unilateral reduction of gas by SSGC in year 2009-10, in violation of the ECC allocation and Head of Term Agreement dated July 31, 2009, led to increased consumption of furnace oil, which coupled with non-payment by government entities, as more fully explained in ensuing paragraphs, significantly affected the Company's liquidity and hence the mark-up claim is not tenable.

In the year ended June 30, 2013, SSGC filed a suit against the Company, in the High Court of Sindh for recovery of unpaid gas consumption charges and interest thereon and the damages amounting to Rs. 45,705 million and Rs. 10,000 million, respectively. The Company also filed a suit, against SSGC in the High Court of Sindh for recovery of damages / losses of Rs. 59,600 million resulting from SSGC's failure to comply with its legal obligation to supply the allocated and committed quantity of 276 MMCFD of natural gas to the Company. The cases were fixed for hearing on October 7, 2019 and adjourned to date in office. The earlier stay granted to SSGC against the Company was vacated on October 07, 2019, against which SSGC has filed an appeal in the High Court of Sindh.

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

The Company's management believes that overdue amounts have only arisen due to circular debt situation caused by delayed settlement of tariff differential claims by the MoF as well as delayed settlement of the Company's energy dues by certain public sector consumers (e.g. KW&SB); the dues of which have been guaranteed by the GoP under the Implementation Agreement dated November 14, 2005 and amended through the Amended Agreement dated April 13, 2009 ("IA"), and Government of Sindh departments and entities (GoS Entities). Given that NTDC / CPPA and SSGC are majorly owned and controlled by the GoP and considering that tariff differential claims and energy dues of KW&SB (guaranteed by the GoP under the IA) are the Company's receivables from the GoP and energy dues of GoS Entities are also receivable from GoS, the Company's management is of the view that the settlement of these outstanding balances will be made on a net basis. This contention of the Company's management is also supported by the legal advices that it has obtained. Hence, mark-up / financial charges will be payable by the Company only when it will receive mark-up on outstanding balances receivable in respect of the Company's outstanding tariff differential claims and energy dues of public sector consumers. Accordingly, 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. Without prejudice to the aforementioned position of the Company and solely on the basis of abundance caution, a provision amounting to Rs. 5,269 million (June 30, 2020: Rs. 5,269 million) is being maintained by the Company in these financial statements on account of mark-up on delayed payment.

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

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

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

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

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

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

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

31.1.5 The Government of Pakistan promulgated GIDC Act 2011, GIDC Ordinance 2014 and GIDC Act 2015 for collection of Gas Infrastructure Development Cess from gas consumers (both power sector and industrial sector) other than domestic consumers. Single bench of the High Court of Sindh through its judgment (by consolidating all similar cases) dated October 26, 2016 held the GIDC Act 2011, GIDC Ordinance 2014 and GIDC Act 2015 to be ultra vires and un-constitutional and held that the amounts collected in pursuance of the above laws is liable to be refunded / adjusted in the future bills, therefore all amounts previously paid by the Company to SSGC amounting to Rs. 4,672 million, in respect of GIDC, became immediately due and recoverable from SSGC.

Subsequently, GoP filed an appeal before the divisional bench of the High Court of Sindh challenging the above judgment (in respect of few other parties), whereby the decision of the single bench was suspended by the divisional bench of the High Court of Sindh on November 10, 2016. During the year ended June 30, 2020, High Court of Peshawar ruled that the GIDC Act 2015 was constitutional. Aggrieved parties filed an appeal before Supreme Court of Pakistan to challenge the decision of the High Court of Peshawar. The Company was impleaded as a party in the said appeal on the basis of its Intervenor Application.

During the year, the Supreme Court of Pakistan vide its decision dated August 13, 2020, has dismissed all the petitions and related appeals in matter of GIDC and declared GIDC Act 2015 to be valid, being within the legislative competence of the parliament. Further, under the aforementioned decision, the companies responsible under the GIDC Act 2015 to collect the cess were directed to recover all arrears of GIDC due but not recovered upto July 31, 2020, in 24 equal monthly installments starting from August 1, 2020 without the component of late payment surcharge. The Company filed a review petition against the decision of SCP. However, the SCP through its order dated November 2, 2020 dismissed the review petition.

In respect of the above, the Company filed a suit before the High Court of Sindh (HCS) and obtained a stay order dated October 6, 2020 whereby, the HCS has restrained SSGC and the GOP from taking any coercive action for non-payment of installments 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 matter was taken up for hearing on August 16, 2021 and was adjourned. The stay granted by 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. It has been contended that in the presence of a valid Decree passed by the HCS, no GIDC can be imposed during the time such Decree is in the field. Accordingly, no liability and the related receivable amounting to approximately Rs. 35,822 million respectively in respect of GIDC has been recognized in these financial statements. However, if the eventual outcome of the 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.

31.1.6 As part of MYT decision, NEPRA through its order dated July 5, 2018, directed the Company to pay interest on security deposit collected from consumers. However, the Company disagrees with the direction of NEPRA, being without any lawful justification and discriminatory as no other power utility in Pakistan is required to pay interest on security deposit. Accordingly, the Company filed a constitutional petition in the High Court of Sindh on May 30, 2019. The High Court of Sindh through its order dated May 30, 2019 has restrained NEPRA from taking any coercive action against the Company. Based on the advice of the legal advisor, the Company's management expects a favourable outcome on the constitutional petition. However, on the basis of prudence and as an abundant caution, a provision amounting to Rs. 1,963 million (2020: Rs. 1,481 million) has been recognised in this respect.

31.1.7 Tax related matters are disclosed in notes 41.1 and 41.2.

31.2 Claims not acknowledged as debts

		Note	2021	2020
			(Rupees in '000)	
31.2.1	Right of way claim by Pakistan Steel Mills Corporation	31.2.5	73,000	73,000
31.2.2	Fatal accident cases	31.2.5	69,098	69,098
31.2.3	Architect's fee in respect of the Head Office project	31.2.5	50,868	50,868
31.2.4	Outstanding dues of property tax, water charges, custom duty, ground rent and occupancy value	31.2.5	9,828,450	9,973,923

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

		2021	2020
		(Rupees in '000)	
31.3	**Commitments**		
31.3.1	Guarantees from banks	6,028,766	6,023,583
31.3.2	Transmission projects	8,504,858	1,504,765
31.3.3	Transmission Project (TP-1000)	2,473,375	6,458,225
31.3.4	BQPS III 900 MW combined cycle power plant and associated transmission project	12,152,645	53,967,541
31.3.5	Outstanding letters of credit	11,509,351	4,346,271

This Includes letter of credit amounting to Rs. 2,500.33 million issued in favour of Hascol Petroleum Limited - a related party of the Company

		2021	2020
		(Rupees in '000)	
31.3.6	Dividend on preference shares	1,119,453	1,119,453

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

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

	2021	2020
	(Rupees in '000)	
- Not later than one year	379,574	329,900
- Later than one year but not later than five years	645,629	552,669

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

32. SALE OF ENERGY - NET

	Note	2021	2020
		(Rupees in '000)	
Gross revenue	32.1	318,426,791	245,774,247
Sales tax		(48,270,063)	(39,313,828)
Other taxes		(15,150,520)	(12,582,796)
Net revenue	32.2	255,006,208	193,877,623

32.1 Gross revenue is net-off an amount of Rs. 2,404 million (2020: Rs. 776 million) representing invoices raised during the year for energy consumed, however, these invoices are considered non-recoverable.

32.2 NET REVENUE

	Note	2021	2020
		(Rupees in '000)	
Residential	32.2.1	104,526,363	88,230,780
Commercial	32.2.1	42,558,293	34,301,734
Industrial	32.2.1	97,413,596	69,094,751
Karachi Nuclear Power Plant (KANUPP)	32.2.1	763,809	802,381
Fuel surcharge adjustment	32.2.2	6,665,407	(1,222,121)
Others	32.2.1 & 32.2.3	3,078,740	2,670,098
		255,006,208	193,877,623

32.2.1 The above includes net cycle day impact amounting to Rs. 4,117 million (2020: Rs. 1,037 million).

32.2.2 This represents monthly fuel surcharge adjustment as per mechanism provided in the MYT decision. The said amount has been / will be charged to the consumers in accordance with NEPRA's determinations.

32.2.3 This includes Rs. 2,119 million (2020: Rs. 2,094 million) in respect of supply of energy through street lights.

	Note	2021	2020
		(Rupees in '000)	
33. TARIFF ADJUSTMENT			
Tariff adjustment	33.1 & 33.2	70,042,341	94,929,760

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

33.2 Includes Rs. 16,040 million comprising dues of 82,600 customers (2020: Rs 7,492 million comprising dues of 77,184 customers) recognised during the year against actual write-off of bad debts, as allowed by NEPRA under the MYT decision for the period from July 1, 2016 to June 30, 2023, through the decision dated July 5, 2018. The write-off amount has been claimed by the Company on August 02, 2021 on a provisional basis as part of quarterly tariff adjustment for the fourth quarter ended June 30, 2021 aggregating to Rs. 15,900 million (fourth quarter ended June 30, 2020: Rs.9,000 million). Further, NEPRA vide its letters 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.

As required under the aforementioned NEPRA decision of July 5, 2018, for the purpose of claim of tariff adjustment in respect of actual write-off of bad debts, the Company ensured performance of the following required procedures:

- The defaulter connection against which the bad debts have been written off were disconnected prior to June 30, 2021 in the system both in the case of active and inactive customers. Furthermore, in the case of inactive customers, the customers were marked as "inactive" in the Company's system i.e. SAP prior to June 30, 2021.

- The aforementioned amount of write-off of bad debts has been approved by the Company's Board of Directors certifying that the Company has made all best possible efforts to recover the amount being written-off in accordance with the "Policy and Procedures for Write-off of Bad Debts".

- The actual write-off of bad debts has been determined in accordance with the terms of write-off detailed in the "Policy and Procedures for Write-off of Bad Debts", as approved by the Board of Directors of the Company.

Further, the statutory auditors of the Company verified that the write-off of bad debts amount is not recoverable notwithstanding the efforts of the Company.

In case any amount written-off, as included in the aforementioned claim, is subsequently recovered from the customer, the recovered amount shall be adjusted in next year's tariff, as required under the aforementioned NEPRA decision of July 5, 2018.

In respect of all the defaulter connections, against which the aforementioned write-off amount has been claimed by the Company as tariff adjustment for the year ended June 30, 2021, the Company in addition to the defaulter customer identification and traceability procedures mentioned in the "Policy and Procedures for Write-off of Bad Debts" has carried out physical surveys for establishing the fact that either the defaulter connection is physically disconnected or the defaulter customer who utilised the electricity is untraceable and recovery in the present circumstances is not possible.

There are number of locations / premises which were removed as a result of anti-encroachment drives by the government authorities, whereas, in a number of other cases the premises to which electricity was supplied is no more traceable due to change in either the mapping of the area (including unleased area), demolition of the original premises, structural changes (including division of single premises into many) to the original premises and discontinuation / demolition of single bulk PMT connection. In all of these cases due to the specific situation the connection and / or premises are no more traceable. In addition, there are certain defaulter customers; who were not able to pay off their outstanding dues, in various forms including outstanding amounts on hook connection at the time of transfer of defaulter customers to metered connections and other settlements. Accordingly, the same has been claimed as part of write-off for the year ended June 30, 2021 and the corresponding amount has been claimed in the tariff adjustment after verifying underlying facts.

34. PURCHASE OF ELECTRICITY

	2021	2020
	(Rupees in '000)	
CPPA / NTDC	66,979,984	63,641,689
Independent Power Producers (IPPs)	42,237,412	37,152,224
Karachi Nuclear Power Plant (KANUPP)	3,006,062	2,488,418
	112,223,458	103,282,331

35. CONSUMPTION OF FUEL AND OIL

	2021	2020
	(Rupees in '000)	
Natural gas / RLNG	79,923,091	70,556,048
Furnace and other fuel / oil	47,248,824	45,631,366
High speed diesel (HSD)	785,880	-
	127,957,795	116,187,414

36. EXPENSES INCURRED IN GENERATION, TRANSMISSION AND DISTRIBUTION

	Note	Generation expenses	Transmission and distribution expenses	2021	2020
		(Rupees in '000)			
Salaries, wages and other benefits	36.1 & 36.2	1,962,050	2,313,394	4,275,444	3,239,900
Stores and spares		1,019,154	320,871	1,340,025	1,501,089
Office supplies		142,897	60,983	203,880	216,628
NEPRA license fee		48,471	59,937	108,408	89,829
Repairs and maintenance		28,697	103,619	132,316	72,317
Transport expense		105,966	179,050	285,016	261,993
Rent, rates and taxes		192,888	65,645	258,533	155,656
Depreciation	4.1.7	11,433,553	3,751,970	15,185,523	15,973,212
Amortisation	5.2	1,520	957	2,477	6,946
Interdepartmental consumption		15,780	572,989	588,769	392,729
Provision against slow moving and obsolete stores, spare parts and loose tools	9.1	67,644	112,544	180,187	236,340
Third party services		1,232,066	1,170,031	2,402,098	2,481,900
Others		506,389	203,641	710,030	815,795
		16,757,075	8,915,631	25,672,706	25,444,334

36.1 This includes Rs. 288 million (2020: Rs. 365 million) in respect of defined benefit plans, Rs. 160 million (2020: Rs. 146 million) in respect of defined contribution plan and Rs. 4 million (2020: Rs. 4 million) in respect of other long term employee benefits.

36.2 Free electricity benefit to employees amounting to Rs. 48 million (2020: Rs. 52 million) has been included in salaries, wages and other benefits.

37. CONSUMERS SERVICES AND ADMINISTRATIVE EXPENSES

	Note	Consumer Services and Billing Expenses	Administrative and General Expenses	2021	2020
		(Rupees in '000)			
Salaries, wages and other benefits	37.1 & 37.2	7,958,486	3,569,838	11,528,324	9,485,815
Bank collection charges		177,090	5,107	182,197	263,309
Transport cost		506,282	174,856	681,138	686,977
Depreciation	4.1.7	3,697,768	267,249	3,965,017	3,383,424
Depreciation - Right-of-use asset	4.5	26,332	4,625	30,957	28,939
Amortisation	5.2	28,035	134,989	163,024	195,497
Depreciation - Investment Property	6.1	-	60,957	60,957	-
Repairs and maintenance		263,307	137,833	401,140	346,517
Rent, rates and taxes		35,536	166,548	202,084	190,006
Public relations and publicity		96,840	316,866	413,706	275,214
Legal expenses		28,636	139,671	168,307	213,186
Professional charges		26,000	151,173	177,173	69,487
Auditors' remuneration	37.3	130,000	66,407	196,407	142,918
Directors' fee		-	32,050	32,050	14,200
Office supplies		165,301	221,186	386,487	528,343
Interdepartmental consumption		95,117	87,815	182,932	165,791
Third party services		4,237,112	1,131,744	5,368,856	4,547,797
Provision against slow moving and obsolete stores, spare parts and loose tools	9.1	34,260	(190)	34,070	(577)
Others		389,074	660,677	1,049,751	986,082
		17,895,176	7,329,401	25,224,577	21,522,925

37.1 This includes Rs. 736 million (2020: Rs. 818 million) in respect of defined benefit plans, Rs. 404 million (2020: Rs. 368 million) in respect of defined contribution plan and Rs. 14 million (2020: Rs. 8 million) in respect of other long term employee benefits.

37.2 Free electricity benefit to employees amounting to Rs. 205 million (2020: Rs. 206 million) has been included in salaries, wages and other benefits.

37.3 Auditors' remuneration

	2021	2020
	(Rupees in '000)	
Fee for statutory audit, half yearly review and review of compliance with the Code of Corporate Governance	7,500	5,500
Fee for cost incurred in respect of bad debts write-off verification as required under MYT 2017-23 and other assurance services	180,000	125,000
Fee for other Certifications, Shariah audit and taxation services	7,900	11,093
	195,400	141,593
Out of pocket expenses	1,007	1,325
	196,407	142,918

38. OTHER OPERATING EXPENSES

	Note	2021	2020
Exchange loss - net		-	33,021
Workers' profits participation fund	26.6	807,676	18,900
Interest on consumer deposits	31.1.6	481,423	445,080
Donations	38.1	44,088	56,216
Listing fee		4,969	2,868
Others		221,436	40,002
		1,559,592	596,087

		Note	2021	2020
			(Rupees in '000)	
38.1	Donations to the following parties exceeds 10% of the total amount of donations made by the Company:			
	Concern For Children Welfare		8,560	-
	Pride of Karachi - Consumers		5,971	-
	Akhuwat Islamic Microfinance		5,000	-
	The Indus Hospital		-	4,109
	Lady Dufferin Hospital		-	2,895
	The Kidney Center		-	3,455
	FWO-Clean Karachi		-	20,000
	KE - Employee Support Fund		-	6,500

39. OTHER INCOME

	Note	2021	2020
Income from financial assets			
Return on bank deposits	39.1	231,891	346,902
Late payment surcharge	39.2	2,029,991	2,561,236
		2,261,882	2,908,138
Income from non-financial assets			
Liquidated damages recovered from suppliers and contractors		143,516	120,411
Scrap sales		315,143	203,986
Amortisation of deferred revenue	24	2,193,134	2,001,381
Service connection charges		1,289,385	1,041,059
Collection charges - TV license fee		152,049	129,084
Gain on disposal of property, plant and equipment	4.2	1,887,009	216,142
Exchange gain - net		1,081,253	-
Others		468,337	1,889,540
		7,529,826	5,601,603
		9,791,708	8,509,741

39.1 This includes Rs. 6.915 million (2020: Rs. 1.784 million) being return on Shariah Compliant bank deposits.

39.2 In accordance with the Company's policy, Late Payment Surcharge (LPS) receivable on delayed payment of electricity bills from various Government / Government controlled entities (Public Sector Consumers) amounting to Rs. 877 million for the year ended June 30, 2021 (2020: Rs. 950 million) has not been recognised for the reasons detailed in note 10.2.

40. FINANCE COST

	Note	2021	2020
		(Rupees in '000)	
Mark-up / interest on:			
- Long term financing	40.1	5,835,559	6,001,714
- Short-term borrowings	40.2	3,126,035	7,246,130
		8,961,594	13,247,844
Late payment surcharge on delayed payment to creditors		14,452	156,873
Bank charges, guarantee commission, commitment fee and other service charges		508,695	507,838
Finance cost on lease liabilities		16,474	18,032
Letters of credit discounting charges		1,611,777	2,806,051
		11,112,992	16,736,638

40.1 This includes Rs. 3,343 million (2020: Rs. 3,739 million) being mark-up on Shariah compliant long-term financing.

40.2 This includes Rs. 1,884 million (2020: Rs. 2,982 million) being mark-up on Shariah compliant short-term borrowings.

41. TAXATION

	Note	2021	2020
		(Rupees in '000)	
Current tax expense		(3,876,593)	(2,962,198)
Deferred tax income / (expense)	25.1	528,929	(356,120)
		(3,347,664)	(3,318,318)

41.1 The Taxation Officer has amended the assessment orders under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) in respect of Tax Years 2010 and 2011 resulting in minimum tax liability of Rs. 543 million and Rs. 1,408 million for the Tax Years 2010 and 2011, respectively. The Taxation Officer considered the total tax depreciation allowance instead of accounting depreciation related to cost of sales of the Company for the purpose of assessment of minimum tax liability as per proviso to section 113(1) of the Ordinance and added tariff adjustment (i.e. subsidy) to be part of turnover for the purpose of computing the minimum tax liability. The appeals filed by the Company against the aforementioned assessment orders, were rejected by the Commissioner Inland Revenue (Appeals) – CIR(A). Subsequently, the Company filed appeals against these decisions before the Appellate Tribunal Inland Revenue (ATIR) which have been decided in favour of the Company. The tax department had filed references before the High Court of Sindh against the decision of ATIR for both Tax Years 2010 and 2011 which are pending.

Further on similar matter, the Officer Inland Revenue amended the assessment orders for Tax Years 2004 to 2008, raising tax demand aggregating to Rs. 399 million under section 113 of the Ordinance by considering the tariff adjustment (i.e. subsidy) and other income as part of turnover for the purpose of computation of minimum tax. The Appellate Tribunal in the light of its previous decisions, has decided the appeals for Tax Years 2004, 2005 and 2008 in favour of the Company whereas Company's appeals for Tax Years 2006 and 2007 are pending with the CIR(A). The Tax department has however filed references before the High Court of Sindh against the ATIR decisions for tax year 2004, tax year 2005 and tax year 2008.The Company's management based on advice of its tax consultants expects a favourable outcome of these appeals and therefore, no provision in this respect has been made.

41.2 During the year, the Officer Inland Revenue has passed orders for Tax Years 2016, 2018 and 2019 as a result of assessment proceedings under Section 122(5A) of the Ordinance, raising tax demands of Rs.2,992 million, Rs.1,248 million and Rs.2,360 million, respectively, mainly on account of imposing minimum tax on tariff adjustment subsidy and apportionment of expenses relating to tariff adjustment subsidy exempt from income tax under clause 102A of Part I of Second Schedule to the Ordinance. The Company has filed appeals against these orders before the CIR(A) and the CIR(A) has decided the appeal in favour of the Company in Tax Year 2016 both on levy of minimum tax and apportionment of expenses and consequently set aside the tax demand created through the assessment order. The Company, appeals for Tax Years 2018 and 2019 are pending before the CIR(A). The Company based on the advice of its tax consultants and decision of the appellate authorities in the previous years, expects favourable outcome at the appellate forums and therefore, no provision for taxation against the demands raised by the assessing officer for Tax Years 2016, 2018 and 2019 have been made in these financial statements.

41.3 Relationship between tax income / (expense) and accounting profit

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Company's applicable tax rate as follows:

	2021	2020
	(Rupees in '000)	
Profit before taxation	15,345,846	359,107
Tax at the applicable tax rate of 29%	(4,450,295)	(104,141)
Tax effect of exempt income	20,312,279	27,529,630
Effects of:		
- Deferred tax not recognised on minimum turnover tax	(3,874,883)	(2,962,198)
- Deferred tax not recognised on tax credits, un-utilised tax losses and others	(15,334,765)	(27,781,609)
	(3,347,664)	(3,318,318)

	2021	2020
	(Rupees in '000)	

42. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)

	2021	2020
Profit before finance cost	26,458,838	17,095,745
Depreciation and amortisation	19,407,955	19,588,018
	45,866,793	36,683,763

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

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2021	2020
Profit / (Loss) attributable to ordinary share holders	11,998,182	(2,959,211)
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	27,615,194,246	27,615,194,246
	(Rupees)	
Earnings / (Loss) per share - basic and diluted	0.43	(0.11)

44. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2021			2020		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	(Rupees in '000)					
Directors' fees (note 44.3)	-	32,050	-	-	14,200	-
Managerial remuneration	51,893	-	5,463,861	42,288	-	4,214,525
Bonus	2,791	-	196,276	18,150	-	503,086
Reimbursable expenses	1,474	-	98,261	806	-	71,605
Contribution to fund	2,837	-	297,212	2,185	-	255,824
	58,995	32,050	6,055,610	63,429	14,200	5,045,040
Number of persons includes those who worked part of the year	1	13	1,774	1	12	1,562

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

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

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

44.4 Gratuity amounting to Rs. 155.7 million (2020: Rs. 105.8 million) was paid to outgoing executives.

45. CASH AND CASH EQUIVALENTS

	Note	2021	2020
		(Rupees in '000)	
Cash and bank balances	15	2,370,891	3,088,813
Short-term running finances	28	(38,350,438)	(28,924,338)
		(35,979,547)	(25,835,525)

46. FINANCIAL INSTRUMENTS BY CATEGORY

46.1 Financial assets measured at amortised cost

	Note	2021	2020
		(Rupees in '000)	
Long-term loans		13,865	16,529
Long-term deposits		11,744	11,258
Trade debts		104,714,380	99,831,863
Loans and advances		1,583	2,395
Deposits		3,827,283	3,484,303
Other receivables		267,621,847	202,770,224
Cash and bank balances		2,370,891	3,088,813
		378,561,593	309,205,385

46.2 Financial assets measured at fair value through profit or loss

	Note	2021	2020
Derivative financial assets	46.2.1	3,276,351	4,632,953

46.2.1 Derivative financial assets have been classified into level 2 fair value measurement hierarchy and the fair value is calculated as the present value of estimated future cash flows based on observable yield.

46.3 Financial liabilities measured at amortised cost

	2021	2020
	(Rupees in '000)	
Long-term diminishing musharaka	29,163,655	32,320,786
Long-term financing	47,980,964	50,596,901
Lease liabilities	132,065	120,700
Long-term deposits	12,866,349	11,718,860
Trade and other payables	330,365,695	248,377,307
Unclaimed dividend	645	645
Accrued mark-up	8,858,167	8,314,338
Short-term borrowings	107,023,197	72,544,367
Short-term deposits	19,372,118	19,424,309
	555,762,855	443,418,213

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors

The Company has exposure to the following risks arising from financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Following information presents the Company's exposure to each of the aforementioned risks, the Company's objectives, policies and processes for measuring and managing risks and the Company's management of capital.

Risk management framework

The Board of Directors (BoD) has the overall responsibility for the establishment and oversight of the Company's risk management framework. The BoD has empowered Board Audit Committee (BAC), which oversees compliance with the Company's risk management framework & policies in relation to risks faced by the Company. The BAC regularly reports to the BoD on its activities.

The Company's risk management policies aimed at identification and analysis of risks faced by the Company, setting appropriate risk limit and monitoring risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's BAC oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Company. The BAC is assisted in its oversight role by the internal audit function. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the BAC.

The Company's principal financial liabilities other than derivatives, mainly comprise of short term and long term financing facilities from financing institutions, debt securities from capital markets, and trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade and other receivables, cash and bank balances, short-term deposits, etc. which arise directly from its operations.

Deposits include lien against settlement of loans and sukuk repayments with commercial banks which have a credit rating of A1.

The Company also enters into derivative transactions, cross currency swap contracts. The purpose is to manage currency risk from the Company's operations and its sources of finance. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The BoD reviews and agrees policies for managing each of these risks which are summarised below:

47.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market prices of instruments due to change in credit rating of the issuer or the instrument, changes in market sentiments, speculative activities, supply and demand of instruments and liquidity in the market. The Company manages the market risk by monitoring exposure on financial instruments and by following internal risk management policies.

Market risk comprise of three components - currency risk, interest rate risk and other price risk.

47.1.1 Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has foreign currency exposures in US Dollar, Euro and UK Pound in the form of trade and other payables (note 26), bank balances (note 15) and long-term financing (note 20). As at June 30, 2021, had the Company's functional currency strengthened / weakened by 5% against US Dollar, Euro and UK Pound, with all other variables held constant, profit for the year would have been higher / lower by Rs. 1,865 million (2020: Rs. 1,217 million) mainly as a result of foreign exchange gains / losses.

The Company has hedged 100% of its long-term financing denominated in its foreign currency. The company uses cross currency swaps to hedge its currency risk, with a maturity of more than one year from the reporting date. Such contracts are generally designated as cash flow hedge.

47.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from long-term diminishing musharika, long-term financing and short-term borrowing facilities at variable rates for financing its generation, transmission and distribution projects and meeting working capital requirements. The Company manages these mismatches through risk management policies where significant changes in gap position can be adjusted. Further, the interest rate risk also arises from certain other financial statement line items as mentioned below. At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	2021	2020
	(Rupees in '000)	
Fixed rate instruments		
Financial assets		
Long term loans	180	251
Financial liabilities		
Lease liabilities	132,065	120,700
Variable rate instruments		
Financial assets		
Deposit accounts	166,354	1,412,965
Deposits under lien against LC	78,978	75,994
	245,332	1,488,959
Financial liabilities		
Long term diminishing musharaka	29,163,655	32,320,786
Long term financing	47,954,354	50,570,291
Short-term borrowings	107,023,197	72,526,769
	184,141,206	155,417,846

Fair value sensitivity analysis

The Company does not account for fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not have affected profit or loss.

Cash flow sensitivity analysis for variable rate instruments

If KIBOR / LIBOR had been 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 1,841 million (2020: Rs. 1,554 million).

47.1.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

47.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's receivables from customers and balances held with banks. Out of the total financial assets as set out in note 47, those that are subject to credit risk aggregated Rs. 63,577 million as at June 30, 2021 (2020: Rs. 59,866 million). The analysis below summarises the credit quality of the Company's financial assets as at June 30, 2021.

- The Company's electricity is sold to industrial, commercial and residential consumers and government organisations. Due to large number and diversity of its consumer base, concentration of credit risk with respect to trade debts is limited. Further, the Company manages its credit risk by obtaining security deposits from the consumers. Further, the Company considers the credit risk arising from receivables from public sector consumers to be minimal. Additionally other receivables primarily represent tariff adjustments due from the GoP.

- The credit quality of the banks with which the Company held balances as at June 30, 2021 is represented by the related credit ratings assigned by the external agencies. The material balances are held with the banks having credit ratings of at least 'A1' which is defined as 'Obligations supported by a strong capacity for timely repayment'.

- Deposits include lien against settlement of letters of credit, loans and sukuk repayments with commercial banks which have a credit rating of A1.

Concentration of credit risk exists when changes in economic and industry factors similarly affect the group of counter parties whose aggregated credit exposure is significant in relation to the Company's total credit exposure. The Company's financial assets are broadly diversified and transactions are entered into with diverse credit worthy parties thereby mitigating any significant concentration risk. Therefore, the Company believes that it is not exposed to major concentration of credit risk.

47.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in arranging funds to meet commitments associated with financial liabilities as they fall due. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments:

	2021					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to Five years	More than five years
	(Rupees in ‘000)					
Non-derivative Financial liabilities						
Long term financing	47,980,964	55,495,633	7,406,362	7,232,352	40,856,919	-
Long term diminishing musharaka	29,163,655	38,496,439	3,506,413	3,413,463	30,297,969	1,278,594
Lease liabilities	132,065	181,483	25,087	21,371	99,373	35,652
Long-term deposits	12,866,349	12,866,349	-	-	-	12,866,349
Trade and other payables	330,365,695	330,365,695	305,133,943	-	25,231,752	-
Unclaimed dividend	645	645	645	-	-	-
Accrued mark-up	1,626,771	1,626,771	1,626,771	-	-	-
Short-term borrowings	107,023,197	109,699,994	104,887,943	4,812,051	-	-
Short-term deposits	5,790,947	5,790,947	5,790,947	-	-	-
	534,950,288	554,523,956	428,378,111	15,479,237	96,486,013	14,180,595

	2020					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to Five years	More than five years
	(Rupees in ‘000)					
Non-derivative Financial liabilities						
Long term financing	50,596,901	59,133,883	4,356,272	5,433,286	49,344,325	-
Long term diminishing musharaka	32,320,786	43,504,374	3,425,824	3,511,983	24,703,084	11,863,483
Lease liabilities	120,700	176,112	28,217	10,560	112,329	25,006
Long-term deposits	11,718,860	11,718,860	-	-	-	11,718,860
Trade and other payables	248,377,307	248,377,307	223,080,555	-	25,231,752	-
Unclaimed dividend	645	645	645	-	-	-
Accrued mark-up	1,564,365	1,564,365	1,564,365	-	-	-
Short-term borrowings	72,544,367	74,654,077	67,753,180	6,900,897	-	-
Short-term deposits	8,070,547	8,070,547	8,070,547	-	-	-
	425,314,478	447,200,170	308,279,605	15,856,726	99,391,490	23,607,349

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at June 30, 2021 and include both principal and interest payable thereon. The rates of mark-up have been disclosed in notes 19, 20 and 28 to these financial statements.

47.4 Reconciliation of movement of liabilities to cashflows arising from financing activities is as follows:

	Short-term borrowings used for cash management purpose	Other short-term borrowings including related accrued markup	Long-term borrowings including related accrued markup	Long-term diminishing musharaka including related accrued markup	Long-term deposits including related accrued markup	Total
	(Rupees in '000)					
Balance as at July 1, 2020	28,924,338	44,921,874	50,790,024	32,374,826	13,200,010	170,211,072
Changes from financing cash flows						
Repayment of loan	-	(7,829,316)	(3,446,423)	(4,400,000)	-	(15,675,739)
Proceeds from loan - net of transaction cost	-	32,882,046	2,594,450	1,158,410	-	36,634,906
Receipts of security deposit	-	-	-	-	1,147,489	1,147,489
Disbursement of security deposit	-	-	-	-		-
Total changes from financing activities	-	25,052,730	(851,973)	(3,241,590)	1,147,489	22,106,656
Other changes - interest cost						
Interest expense	-	3,126,035	3,007,472	2,828,087	481,423	9,443,017
Interest paid	-	(6,144,345)	(5,409,506)	(2,498,847)	-	(14,052,698)
Exchange loss	-	-	(1,134,440)	-	-	(1,134,440)
Amortisation of transaction cost	-	-	208,242	84,459	-	292,701
Finance cost capitalised	-	2,768,620	1,547,124	-	-	4,315,744
Changes in running finance	9,426,100	-	-	-	-	9,426,100
Total loan related other changes	9,426,100	(249,690)	(1,781,108)	413,699	481,423	8,290,424
Balance as at June 30, 2021	38,350,438	69,724,914	48,156,943	29,546,935	14,828,922	200,608,152

47.5 Hedging activities and derivatives

The Company has executed cross currency swaps on its long term foreign currency financing to hedge its currency risk (note 3.10).

Cash flow hedges

During the year, the Company had held cross currency swaps with commercial banks, designated as cash flow hedges of expected future principal repayments of loan from foreign lenders. The cross currency swaps were being used to hedge the currency risk in respect of long-term financing as stated in notes 20.1, 20.2 and 20.4 to these financial statements.

The critical terms of the cross currency swap contracts have been negotiated to match the terms of the aforementioned financial liability (note 14).

48. CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain future development of the business and maximise shareholders value. No changes were made in the objectives, policies or processes during the year ended June 30, 2021.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. Investment and financing decisions are made after taking into account the tariff structure, the Company's financial position and requirements of lenders. This necessitated re-investment of profits to strengthen the Company's financial position to comply with requirements of lenders as well as to fund new projects. Details of adjusted invested equity as at the reporting date are given in note 16.9.

The Company monitors capital using debt to equity ratios. The long-term debt to equity ratio as at June 30, 2021 is as follows:

	Note	2021	2020
		(Rupees in '000)	
Long-term diminishing musharaka	19	24,763,655	27,920,786
Long-term financing	20	35,650,703	43,476,225
Long-term debt		60,414,358	71,397,011
Total equity		223,951,516	210,658,371
		284,365,874	282,055,382
Long-term debt to equity		0.21:1	0.25:1

49 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

49.1 Related parties of the Company comprise of associated companies, state-controlled entities, staff retirement benefit plans and the Company's directors and key management personnel. Following are the particulars of subsidiary companies, related parties and associated undertakings of the Company with whom the Company had entered into transactions or had agreements and arrangements in place during the year:

Name of related parties	Direct shareholding in the Company	Relationship
The Holding Company	66.4%	Holding Company
GoP represented by the President of Pakistan	24.4%	Major shareholder
CPPA	-	State controlled entity
Bfiler (Private) Limited	-	Common directorship
EFU Life Assurance Limited	-	Common directorship
Hascol Petroleum limited	-	Common directorship
BYCO Petroleum Pakistan Limited (BYCO) - note 49.2.2)	-	Common directorship
KEVCL	-	Subsidiary Company
K-Solar	-	Subsidiary Company
Pakistan State Oil Company Limited	-	State controlled entity
Sui Southern Gas Company Limited	-	State controlled entity
Syed Moonis Abdullah Alvi	-	Chief Executive Officer
Adeeb Ahmad	-	Non-Executive director
Chaudhary Khaqan Saadullah	-	Non-Executive director
Dr. Ahmed Mujtaba Memon	-	Non-Executive director
Jamil Akbar	-	Non-Executive director
Khalid Rafi	<0.01%	Independent Director
Mubasher H. Shiekh	-	Non-Executive director
Muhammad Abid Lakhani	-	Non-Executive director
Ruhail Muhammad	-	Non-Executive director
Sadia Khurram	-	Non-Executive director
Shan A. Ashary	-	Non-Executive director
Syed Asad Ali Shah Jilani	<0.01%	Non-Executive director
Waseem Mukhtar	-	Non-Executive director
Aadil Riaz	-	Key Management Personnel
Abbas Husain Siahiwala	-	Key Management Personnel
Abdul Khalique	-	Key Management Personnel
Ahsan Anis*	-	Key Management Personnel

Name of related parties	Direct shareholding in the Company	Relationship
Arshad Iftikhar	-	Key Management Personnel
Arshad Sabri	-	Key Management Personnel
Asif Raza	-	Key Management Personnel
Ayaz Jaffar Ahmed	-	Key Management Personnel
Dale Roger Sinkler	-	Key Management Personnel
Faisal Bashir Gill	-	Key Management Personnel
Faisal Jehangir Malik	-	Key Management Personnel
Faisal Karamat	-	Key Management Personnel
Farooq Niaz	-	Key Management Personnel
Haider Ali	-	Key Management Personnel
Hammad Khalid*	-	Key Management Personnel
Haris Jamil Siddiqui	-	Key Management Personnel
Imdad Afzal	-	Key Management Personnel
Irtaza Waseem Khan	-	Key Management Personnel
Jamil A Bajwa	<0.01%	Key Management Personnel
Kamran Akhtar Hashmi	-	Key Management Personnel
Mahreen Aziz Khan*	-	Key Management Personnel
Muhammad Aamir Ghaziani	-	Key Management Personnel
Muhammad Ali	-	Key Management Personnel
Muhammad Faizan Mahmood Khan	-	Key Management Personnel
Muhammad Farrukh	-	Key Management Personnel
Muhammad Owais	-	Key Management Personnel
Muhammad Rizwan Dalia	-	Key Management Personnel
Mustafa Kamal	-	Key Management Personnel
Naz Khan	-	Key Management Personnel
Pervez Musani	-	Key Management Personnel
Qazi Nisar Ahmed	-	Key Management Personnel
Rana Muhammad Imran	-	Key Management Personnel
Raza Abbas Naqvi	-	Key Management Personnel
Rehan Sajjad	-	Key Management Personnel
Rizwan Pesnani	-	Key Management Personnel
Sadia Dada	<0.01%	Key Management Personnel
Sheikh Amer Zia	-	Key Management Personnel
Sheikh Humayun Saghir	-	Key Management Personnel
Syed Irfan Ali Shah	-	Key Management Personnel
Wahid Asghar	<0.01%	Key Management Personnel
Zehra Aneek	-	Key Management Personnel
Employee retirement benefit funds:	-	Key Management Personnel
- Gratuity fund	-	Post employment benefits / plans
- Provident fund	-	Post employment benefits / plans

* These key management personnel exited from the Company during the year ended June 30, 2021.

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

49.2.1 Government related entities

The Company has availed the exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with government related / state-owned entities except for transactions included below, which the Company considers to be significant:

			2021	2020
			(Rupees in '000)	
	CPPA / NTDC	Power purchases	66,979,984	63,641,689
	Pakistan State Oil Company Limited	Purchase of furnace oil / HSD & other lubricants	49,513,654	42,150,890
	Sui Southern Gas Company Limited	Purchase of gas	79,923,091	70,556,048
49.2.2	BYCO	Purchase of furnace oil & other lubricants	1,181,068	2,440,711
	During the year, BYCO ceased to be the related party of the Company.			
49.2.3	Subsidiary - KEVCL	Subscription of share capital	182,100	-
		Payment of expenses for incorporation of KEVCL	4,112	-
49.2.4	Subsidiary - K-Solar	Shared Service fee	623	-
		Salary of deputed staff	1,073	-
		Payment of expenses for incorporation of K-Solar and other payment made on behalf of K-Solar	7,300	-
49.2.5	Key management personnel	Managerial remuneration	509,447	452,575
		Other allowances and benefits	156,426	229,574
		Retirement benefits	11,421	79,874
		Leave encashment	1,836	3,005
49.2.6	Provident fund	Contribution to provident fund	1,128,434	1,028,322

50. PROVIDENT FUND

The Company operates approved funded contributory provident fund for both its management and non-management employees. The investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

51. PLANT CAPACITY AND ANNUAL PRODUCTION

The details of actual generation against average annual Gross Dependable Capacity of each plant of the Company is as follows:

Plant Particulars	Average Gross Dependable Capacity 2021	Average Gross Dependable Capacity 2020	Actual Generation 2021	Actual Generation 2020
	(MW)		(Gwh)	
Bin Qasim Power Station - I	829	1,018	5,130	4,195
Bin Qasim Power Station - II	526	526	4,173	4,278
CCPP Korangi	227	227	1,027	1,158
Site Gas Turbine Power Station	96	96	227	414
Korangi Town Gas Turbine	96	96	381	313
	1,774	1,963	10,938	10,358

52. OPERATING SEGMENT

The Company operates as a vertically integrated power utility under a single integrated tariff structure, as determined by NEPRA; with no separate revenue streams as the Company as a whole earns revenues by providing electricity to its end consumers. The management has determined Generation, Transmission and Distribution as its operating segments, which are being presented to the Board of Directors of the company for allocation of resources and assessment of performance. These operating segments carry risks and rewards which differ from other segments and also reflects the management structure of the Company.

The unallocated items of profit or loss and assets and liabilities include items which cannot be allocated to a specific segment on a reasonable basis.

	2021					
	Generation	Transmission	Distribution	Un-allocated	Eliminations	Total
	(Rupees in million)					
Segment revenue	-	-	325,049	-	-	325,049
Inter-segment revenue	159,126	21,222	-	-	(180,348)	-
Total revenue	159,126	21,222	325,049	-	(180,348)	325,049
Purchase of electricity / Consumption of fuel and oil	(127,958)	-	(292,571)	-	180,348	(240,181)
Contribution Margin	31,168	21,222	32,478	-	-	84,868
O&M expenses	(6,545)	(5,133)	(19,812)	-	-	(31,490)
Other operating expenses	(522)	(485)	(553)	-	-	(1,560)
Other income	(118)	2,049	7,861	-	-	9,792
Impairment loss against trade debts	-	-	(15,743)	-	-	(15,743)
EBITDA	23,983	17,653	4,231	-	-	45,867
Depreciation and amortisation	(11,520)	(3,442)	(4,446)	-	-	(19,408)
EBIT	12,463	14,211	(215)	-	-	26,459
Finance cost	(3,554)	(2,241)	(5,318)	-	-	(11,113)
Profit / (Loss) before taxation	8,909	11,970	(5,533)	-	-	15,346
Taxation - Current	(1,654)	(2,223)	-		-	(3,877)
Taxation - Deferred	-	-	-	529	-	529
Profit / (loss) for the year	7,255	9,747	(5,533)	529	-	11,998
Assets	205,099	119,324	483,980	27,274	-	835,677
Liabilities	123,513	76,403	370,532	41,278	-	611,726

	2020					
	Generation	Transmission	Distribution	Un-allocated	Eliminations	Total
	(Rupees in million)					
Segment revenue			288,807	-	-	288,807
Inter-segment revenue	145,966	19,624		-	(165,590)	-
Total revenue	145,966	19,624	288,807	-	(165,590)	288,807
Purchase of electricity / Consumption of fuel and oil	(116,187)	-	(268,873)	-	165,590	(219,470)
Contribution Margin	29,779	19,624	19,934	-	-	69,337
O&M expenses	(6,040)	(3,921)	(17,418)	-	-	(27,379)
Other operating expenses	(38)	(33)	(525)	-	-	(596)
Other income	362	1,163	6,985	-	-	8,510
Impairment loss against trade debts	-	-	(13,188)	-	-	(13,188)
EBITDA	24,063	16,833	(4,212)	-	-	36,684
Depreciation and amortisation	(11,811)	(3,914)	(3,863)	-	-	(19,588)
EBIT	12,252	12,919	(8,075)	-	-	17,096
Finance cost	(3,231)	(2,797)	(10,709)	-	-	(16,737)
Profit / (Loss) before taxation	9,021	10,122	(18,784)	-	-	359
Taxation - Current	(1,396)	(1,566)	-	-	-	(2,962)
Taxation - Deferred	-	-	-	-	(356)	(356)
Profit / (loss) for the year	7,625	8,556	(18,784)	-	(356)	(2,959)
Assets	164,987	116,629	397,423	24,375	-	703,414
Liabilities	71,312	80,363	300,716	40,365	-	492,756

53. BENAZIR EMPLOYEES' STOCK OPTION SCHEME (BESOS)

On August 14, 2009, GoP launched Benazir Employees' Stock Option Scheme ("the Scheme") for employees of certain State Owned Enterprises (SOEs) and non-state Owned Enterprise where GoP holds significant investments (non-SOEs). The Scheme was applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer the Scheme, GoP was to transfer 12% of its investment in such SOEs and non-SOEs to a trust fund to be created for the purpose by each of such entities.

The liability of BESOS for the Company's employees is a liability of the fund and the Company has no liability towards these payments. Various formalities relating to the finalisation of the Scheme such as trust deed and vesting period are yet to be finalised. Moreover, due to certain administrative issues, trust fund has not yet been created by GoP.

The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of SOEs needs to be accounted for by the entities, including the Company, under IFRS 2 - "Share Based Payments". However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP on receiving representations from some of the entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan (ICAP) vide the letter number CAIDTS/PS& TAC/2011-2036 dated February 2, 2011 has granted exemption to such entities from the application of IFRS 2 to the Scheme vide SRO 587 (I)/2011 dated June 7, 2011.

54. NUMBER OF EMPLOYEES

	2021	2020
Total number of employees as at the reporting date	10,274	10,665
Average number of employees during the year	10,432	10,611

55. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison.

56. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 10, 2021, by the Board of Directors of the Company.

57. GENERAL

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

Syed Moonis Abdullah Alvi
Chief Executive Officer

Khalid Rafi
Director

Muhammad Aamir Ghaziani
Chief Financial Officer

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STAKEHOLDER **MANAGEMENT**

Chairman NEPRA, Mr. Tauseef Farooqui planting a tree during his visit to the KE Bin Qasim Power Station (BQPS) - III accompanied by CEO KE, Moonis Alvi

Pattern of Shareholding

as at June 30, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
Government Holding			
THE PRESIDENT OF PAKISTAN (GOP)	1	6,726,912,278	24.36
Directors and their spouse(s) and minor children			
KHALID RAFI	1	500	0.00
ASAD ALI SHAH	1	650,000	0.00
Executives	4	30,102	0.00
Associated Companies, undertakings and related parties			
KES POWER LIMITED	1	18,335,542,678	66.40
NIT and ICP	3	46,870	0.00
Banks, Development Financial Institutions, Non-Banking Financial Institutions	47	260,480,095	0.94
Insurance Companies	25	23,835,340	0.09
Modarabas and Mutual Funds	59	333,040,146	1.21
General Public			
LOCAL	25,759	1,580,528,134	5.72
FOREIGN COMPANIES	307	18,812,808	0.07
OTHERS	289	335,315,295	1.21
Total	**26,497**	**27,615,194,246**	**100.00**

Shareholders holding 10% or more	Shares Held	Percentage
The President of Pakistan (GOP)	**6,726,912,278**	**24.36**
KES Power Limited	**18,335,542,678**	**66.40**

Pattern of Shareholding (Slab)

As of June 30, 2021

Number of Shareholders	Shareholdings Slab			Total Shares Held
5799	1	to	100	168,245
3861	101	to	500	1,262,626
2551	501	to	1000	2,313,248
5439	1001	to	5000	16,086,134
2278	5001	to	10000	19,140,636
919	10001	to	15000	12,042,562
769	15001	to	20000	14,469,246
553	20001	to	25000	13,264,621
356	25001	to	30000	10,281,955
212	30001	to	35000	7,079,188
252	35001	to	40000	9,785,530
121	40001	to	45000	5,274,307
471	45001	to	50000	23,390,763
117	50001	to	55000	6,222,555
141	55001	to	60000	8,320,672
74	60001	to	65000	4,732,997
82	65001	to	70000	5,633,140
93	70001	to	75000	6,882,423
80	75001	to	80000	6,307,033
44	80001	to	85000	3,679,700
41	85001	to	90000	3,637,787
36	90001	to	95000	3,376,366
406	95001	to	100000	40,562,000
34	100001	to	105000	3,503,726
43	105001	to	110000	4,701,442
24	110001	to	115000	2,732,068
24	115001	to	120000	2,849,298
53	120001	to	125000	6,588,601
20	125001	to	130000	2,580,000
18	130001	to	135000	2,405,131
20	135001	to	140000	2,788,440
18	140001	to	145000	2,584,559
100	145001	to	150000	14,990,700
16	150001	to	155000	2,442,016
18	155001	to	160000	2,862,003
8	160001	to	165000	1,314,500
19	165001	to	170000	3,217,150
23	170001	to	175000	3,993,820
13	175001	to	180000	2,327,000
13	180001	to	185000	2,394,487
15	185001	to	190000	2,834,195
7	190001	to	195000	1,353,000
168	195001	to	200000	33,584,606
16	200001	to	205000	3,259,838
17	205001	to	210000	3,564,700
13	210001	to	215000	2,768,502

Number of Shareholders	Shareholdings Slab			Total Shares Held
10	215001	to	220000	2,191,000
17	220001	to	225000	3,816,500
16	225001	to	230000	3,672,500
12	230001	to	235000	2,816,500
6	235001	to	240000	1,426,137
5	240001	to	245000	1,221,000
66	245001	to	250000	16,478,440
3	250001	to	255000	762,000
11	255001	to	260000	2,844,500
5	260001	to	265000	1,325,000
11	265001	to	270000	2,965,687
9	270001	to	275000	2,466,500
5	275001	to	280000	1,394,934
5	280001	to	285000	1,411,500
5	285001	to	290000	1,441,500
1	290001	to	295000	295,000
78	295001	to	300000	23,389,500
15	300001	to	305000	4,541,555
3	305001	to	310000	929,764
6	310001	to	315000	1,884,500
7	315001	to	320000	2,229,500
7	320001	to	325000	2,273,000
5	325001	to	330000	1,643,000
9	330001	to	335000	3,007,000
5	335001	to	340000	1,691,849
2	340001	to	345000	685,500
24	345001	to	350000	8,385,500
6	350001	to	355000	2,120,079
4	355001	to	360000	1,432,000
1	360001	to	365000	365,000
2	365001	to	370000	734,500
8	370001	to	375000	2,999,500
4	380001	to	385000	1,530,500
3	385001	to	390000	1,167,000
3	390001	to	395000	1,184,500
40	395001	to	400000	15,998,000
4	400001	to	405000	1,617,000
5	405001	to	410000	2,040,264
3	410001	to	415000	1,241,500
4	415001	to	420000	1,674,000
3	420001	to	425000	1,271,000
1	425001	to	430000	430,000
1	430001	to	435000	431,340
2	435001	to	440000	875,000
1	440001	to	445000	443,000

Number of Shareholders	Shareholdings Slab			Total Shares Held
11	445001	to	450000	4,946,200
1	450001	to	455000	453,500
5	455001	to	460000	2,300,000
2	460001	to	465000	929,500
2	465001	to	470000	937,500
8	470001	to	475000	3,789,964
1	475001	to	480000	479,000
1	480001	to	485000	481,858
3	485001	to	490000	1,461,000
5	490001	to	495000	2,469,000
67	495001	to	500000	33,499,500
4	500001	to	505000	2,013,460
2	505001	to	510000	1,012,975
3	510001	to	515000	1,540,500
2	515001	to	520000	1,035,500
7	520001	to	525000	3,663,000
2	525001	to	530000	1,057,500
2	535001	to	540000	1,080,000
8	545001	to	550000	4,395,500
2	555001	to	560000	1,118,000
1	560001	to	565000	562,500
1	565001	to	570000	570,000
3	570001	to	575000	1,720,000
3	575001	to	580000	1,735,469
4	580001	to	585000	2,337,000
3	590001	to	595000	1,785,000
21	595001	to	600000	12,595,500
4	600001	to	605000	2,409,853
1	605001	to	610000	607,000
1	615001	to	620000	620,000
2	620001	to	625000	1,250,000
1	630001	to	635000	631,000
1	635001	to	640000	640,000
1	640001	to	645000	645,000
9	645001	to	650000	5,846,500
1	650001	to	655000	652,648
2	660001	to	665000	1,325,746
4	665001	to	670000	2,680,000
4	670001	to	675000	2,694,826
3	675001	to	680000	2,035,500
2	685001	to	690000	1,375,470
14	695001	to	700000	9,800,000
2	700001	to	705000	1,403,658
2	720001	to	725000	1,447,000
2	725001	to	730000	1,457,412

Number of Shareholders	Shareholdings Slab			Total Shares Held
1	730001	to	735000	733,000
1	735001	to	740000	740,000
4	740001	to	745000	2,968,500
10	745001	to	750000	7,500,000
2	755001	to	760000	1,519,000
1	770001	to	775000	772,000
2	775001	to	780000	1,559,000
1	780001	to	785000	783,000
2	785001	to	790000	1,578,000
1	790001	to	795000	794,500
8	795001	to	800000	6,398,000
2	800001	to	805000	1,606,500
2	805001	to	810000	1,620,000
1	810001	to	815000	815,000
2	815001	to	820000	1,632,000
5	820001	to	825000	4,125,000
2	825001	to	830000	1,660,000
2	830001	to	835000	1,668,500
1	840001	to	845000	842,500
2	845001	to	850000	1,700,000
1	850001	to	855000	855,000
1	865001	to	870000	870,000
1	875001	to	880000	880,000
1	885001	to	890000	887,000
12	895001	to	900000	10,800,000
1	900001	to	905000	904,000
1	925001	to	930000	926,000
1	945001	to	950000	950,000
1	950001	to	955000	950,509
2	955001	to	960000	1,917,000
2	970001	to	975000	1,950,000
2	975001	to	980000	1,960,000
1	980001	to	985000	984,500
42	995001	to	1000000	42,000,000
1	1000001	to	1005000	1,001,500
2	1015001	to	1020000	2,039,000
1	1030001	to	1035000	1,032,500
1	1035001	to	1040000	1,040,000
1	1040001	to	1045000	1,043,000
3	1045001	to	1050000	3,150,000
1	1060001	to	1065000	1,065,000
5	1095001	to	1100000	5,500,000
2	1100001	to	1105000	2,205,329
1	1105001	to	1110000	1,110,000
1	1120001	to	1125000	1,125,000

Number of Shareholders	Shareholdings Slab			Total Shares Held
2	1145001	to	1150000	2,300,000
2	1155001	to	1160000	2,314,500
1	1165001	to	1170000	1,170,000
1	1175001	to	1180000	1,180,000
1	1180001	to	1185000	1,185,000
1	1185001	to	1190000	1,186,500
1	1190001	to	1195000	1,191,500
6	1195001	to	1200000	7,195,500
1	1200001	to	1205000	1,205,000
1	1215001	to	1220000	1,217,500
1	1220001	to	1225000	1,225,000
2	1235001	to	1240000	2,476,000
7	1245001	to	1250000	8,750,000
1	1265001	to	1270000	1,268,500
1	1275001	to	1280000	1,275,500
4	1295001	to	1300000	5,196,000
1	1315001	to	1320000	1,318,000
1	1320001	to	1325000	1,325,000
1	1355001	to	1360000	1,359,000
4	1395001	to	1400000	5,600,000
1	1410001	to	1415000	1,411,000
1	1445001	to	1450000	1,450,000
1	1470001	to	1475000	1,475,000
9	1495001	to	1500000	13,500,000
3	1545001	to	1550000	4,646,000
1	1550001	to	1555000	1,554,500
1	1555001	to	1560000	1,557,000
1	1570001	to	1575000	1,573,500
1	1585001	to	1590000	1,587,500
4	1595001	to	1600000	6,398,500
1	1600001	to	1605000	1,602,000
1	1610001	to	1615000	1,614,500
1	1640001	to	1645000	1,640,702
2	1645001	to	1650000	3,300,000
1	1705001	to	1710000	1,710,000
1	1745001	to	1750000	1,750,000
1	1760001	to	1765000	1,765,000
1	1790001	to	1795000	1,795,000
2	1795001	to	1800000	3,600,000
2	1805001	to	1810000	3,617,000
1	1815001	to	1820000	1,819,000
1	1880001	to	1885000	1,881,500
3	1895001	to	1900000	5,700,000
1	1900001	to	1905000	1,902,500
2	1945001	to	1950000	3,900,000

Number of Shareholders	Shareholdings Slab			Total Shares Held
9	1995001	to	2000000	18,000,000
1	2025001	to	2030000	2,029,342
1	2045001	to	2050000	2,050,000
1	2060001	to	2065000	2,064,000
1	2075001	to	2080000	2,080,000
2	2095001	to	2100000	4,200,000
1	2120001	to	2125000	2,125,000
1	2145001	to	2150000	2,147,500
1	2170001	to	2175000	2,174,500
2	2195001	to	2200000	4,400,000
1	2205001	to	2210000	2,210,000
1	2245001	to	2250000	2,250,000
1	2255001	to	2260000	2,258,500
1	2270001	to	2275000	2,272,000
1	2305001	to	2310000	2,308,000
1	2315001	to	2320000	2,319,000
1	2330001	to	2335000	2,335,000
2	2345001	to	2350000	4,700,000
2	2395001	to	2400000	4,800,000
1	2400001	to	2405000	2,401,500
1	2415001	to	2420000	2,420,000
2	2445001	to	2450000	4,900,000
1	2450001	to	2455000	2,454,000
5	2495001	to	2500000	12,500,000
1	2500001	to	2505000	2,504,000
1	2505001	to	2510000	2,508,967
1	2525001	to	2530000	2,526,500
1	2565001	to	2570000	2,568,000
1	2575001	to	2580000	2,579,500
1	2580001	to	2585000	2,581,500
1	2595001	to	2600000	2,600,000
2	2645001	to	2650000	5,300,000
1	2685001	to	2690000	2,688,000
1	2695001	to	2700000	2,700,000
2	2715001	to	2720000	5,436,375
2	2720001	to	2725000	5,449,000
2	2745001	to	2750000	5,500,000
1	2790001	to	2795000	2,795,000
2	2795001	to	2800000	5,598,500
1	2885001	to	2890000	2,890,000
1	2895001	to	2900000	2,900,000
1	2950001	to	2955000	2,953,500
4	2995001	to	3000000	11,998,500
1	3005001	to	3010000	3,005,500
1	3050001	to	3055000	3,050,500

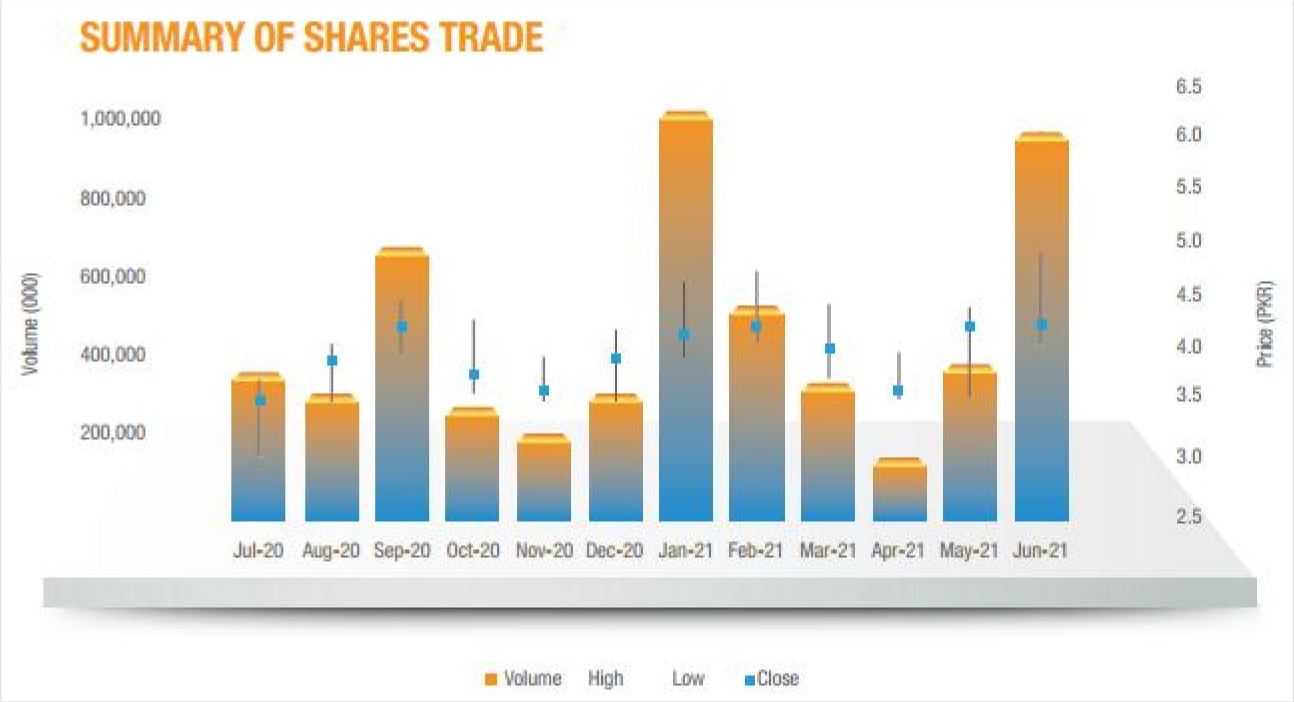
Number of Shareholders	Shareholdings Slab			Total Shares Held
1	3145001	to	3150000	3,150,000
1	3195001	to	3200000	3,200,000
1	3215001	to	3220000	3,216,875
3	3285001	to	3290000	9,860,500
1	3395001	to	3400000	3,400,000
1	3405001	to	3410000	3,406,000
1	3435001	to	3440000	3,437,676
5	3495001	to	3500000	17,500,000
1	3525001	to	3530000	3,528,500
1	3660001	to	3665000	3,660,500
1	3695001	to	3700000	3,700,000
1	3725001	to	3730000	3,726,000
1	3745001	to	3750000	3,750,000
1	3895001	to	3900000	3,900,000
1	3945001	to	3950000	3,950,000
3	3995001	to	4000000	12,000,000
1	4125001	to	4130000	4,130,000
2	4195001	to	4200000	8,400,000
1	4245001	to	4250000	4,250,000
1	4420001	to	4425000	4,423,775
3	4495001	to	4500000	13,500,000
1	4745001	to	4750000	4,750,000
1	4795001	to	4800000	4,800,000
1	4800001	to	4805000	4,805,000
1	4845001	to	4850000	4,850,000
10	4995001	to	5000000	50,000,000
1	5125001	to	5130000	5,127,500
1	5230001	to	5235000	5,233,000
2	5260001	to	5265000	10,530,000
1	5295001	to	5300000	5,300,000
1	5395001	to	5400000	5,400,000
1	5430001	to	5435000	5,433,750
1	5600001	to	5605000	5,604,000
1	5795001	to	5800000	5,800,000
1	5945001	to	5950000	5,945,500
1	5980001	to	5985000	5,982,500
1	6000001	to	6005000	6,005,000
1	6015001	to	6020000	6,020,000
1	6295001	to	6300000	6,300,000
1	6325001	to	6330000	6,330,000
1	6395001	to	6400000	6,400,000
1	6480001	to	6485000	6,482,500
1	6495001	to	6500000	6,500,000
1	6620001	to	6625000	6,624,500
1	6850001	to	6855000	6,850,500

Number of Shareholders	Shareholdings Slab			Total Shares Held
2	6995001	to	7000000	14,000,000
1	7000001	to	7005000	7,001,000
1	7080001	to	7085000	7,083,500
1	7195001	to	7200000	7,200,000
1	7250001	to	7255000	7,252,000
1	7295001	to	7300000	7,300,000
1	7465001	to	7470000	7,470,000
1	7930001	to	7935000	7,932,000
1	7995001	to	8000000	8,000,000
1	8620001	to	8625000	8,623,000
1	8900001	to	8905000	8,901,500
2	8995001	to	9000000	18,000,000
1	9205001	to	9210000	9,207,500
1	9250001	to	9255000	9,254,500
1	9495001	to	9500000	9,500,000
1	9665001	to	9670000	9,670,000
1	9705001	to	9710000	9,706,969
3	9995001	to	10000000	30,000,000
1	10295001	to	10300000	10,300,000
1	10540001	to	10545000	10,541,500
1	10955001	to	10960000	10,957,500
1	11410001	to	11415000	11,414,000
1	11555001	to	11560000	11,560,000
1	11860001	to	11865000	11,863,000
1	12040001	to	12045000	12,044,500
1	12245001	to	12250000	12,250,000
1	12495001	to	12500000	12,500,000
1	12720001	to	12725000	12,725,000
1	12745001	to	12750000	12,750,000
1	12875001	to	12880000	12,878,000
1	13095001	to	13100000	13,100,000
1	13155001	to	13160000	13,157,500
1	13885001	to	13890000	13,887,500
1	13995001	to	14000000	14,000,000
1	14995001	to	15000000	15,000,000
2	15005001	to	15010000	30,015,500
1	15075001	to	15080000	15,078,000
1	15495001	to	15500000	15,500,000
1	16495001	to	16500000	16,500,000
1	16510001	to	16515000	16,514,500
2	17095001	to	17100000	34,200,000
1	17130001	to	17135000	17,131,500
1	17735001	to	17740000	17,740,000
1	19630001	to	19635000	19,633,042
1	19995001	to	20000000	20,000,000

Number of Shareholders	Shareholdings Slab			Total Shares Held
1	20000001	to	20005000	20,004,087
1	20370001	to	20375000	20,374,600
1	20495001	to	20500000	20,500,000
1	22470001	to	22475000	22,475,000
1	22485001	to	22490000	22,488,000
1	22825001	to	22830000	22,825,500
1	23210001	to	23215000	23,211,500
1	26760001	to	26765000	26,764,000
1	29995001	to	30000000	30,000,000
1	32915001	to	32920000	32,917,688
1	41055001	to	41060000	41,057,000
1	46715001	to	46720000	46,719,000
1	59850001	to	59855000	59,852,000
1	59995001	to	60000000	60,000,000
1	68310001	to	68315000	68,312,500
1	108560001	to	108565000	108,564,000
1	6726910001	to	6726915000	6,726,912,278
1	18335540001	to	18335545000	18,335,542,678
26,497				**27,615,194,246**

Share Price Sensitivity Analysis

As a listed company, the shares of the Company are traded on the Pakistan Stock Exchange. The daily trade prices and volumes fluctuate on a daily basis and are monitored by the Company.



There are several factors which have a direct and indirect impact on the share price of the Company such as:

- continuous fuel supply at economic rates
- furnace oil to gas ratio (and price differential)
- timely tariff determination by NEPRA and its notification, taking into account the cost of doing business ad adequate return on investment
- settlement of the circular debt issue in a fair and equitable manner
- timely settlement of tariff differential claims by the Government, and recovery of substantial electricity arrears outstanding against government-related entities (KWSB in particular)
- Covid-19 situation in Karachi and Pakistan
- interest rates and the PKR:US$ exchange rate impact
- financing costs and the debt profile of the Company
- overall national economic performance and continuity and support of government policies
- stock market dynamics and investor sentiment

During the year FY2021, 5.2 billion shares were traded at Pakistan Stock Exchange. The average price of the Company share based on daily closing rate was PKR 3.92 while low/high during FY2021 was PKR 3.11 and PKR 4.88 per share respectively.

These details have been prepared by K-Electric Limited without the engagement of an external consultant. Due care has been applied in development of this section, however KE shall assume no liability in respect of any share trading decision considering the above.

Shareholder & Investor Information

Annual General Meeting

The annual shareholders' meeting will be held at 10:30 am on Wednesday, October 13, 2021. Shareholders are encouraged to attend the Annual General Meeting.

Shareholders' Enquiries

Enquiries about the shareholding and dividends should be directed to share registrar at the following address: CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. UAN: 111-111-500.

Quarterly and Annual Reports

The Company publishes interim reports at the end of the first, second and third quarters of the financial year. The Annual Report of the Company summarises the Company's performance during the year and provides an outlook for the future. Previous reports can be accessed at KE's website www.ke.com.pk.

Stock Exchange Listing

K-Electric Limited's shares are traded on Pakistan Stock Exchange Limited. The symbol code for dealing in shares of K-Electric Limited is "KEL".

Redressal of Investors' Grievances

The Company Secretariat continuously engages with the investors and responds to their queries and requests for information and their grievances through KE's Share Registrar.

Stakeholder Engagement

KE defines its stakeholders as all those parties or entities that have an interest in the Company and can both affect or be affected by our business. These stakeholders extend beyond our business partners to also encompass the communities that we work with and include consumers, employees, regulators, Federal/Provincial/Local governments and bodies, suppliers, banks, and media stakeholders.

Industries

To ensure the progress of Karachi and its industries, KE, throughout the year, stays engaged with the city's industrial forum, comprising all the industrial associations of Karachi. The success of Karachi's industrial base is KE's success.

Dedicated teams work throughout the year to answer requests from industrial clients, ranging from opening new accounts, to facilitating and addressing complaints on priority basis. The Company has developed a relationship of transparency with the city's industrial associations by arranging regular sessions/visits of the KE CEO and other senior management. During these engagement sessions, KE keeps the industrial segment abreast of every development associated with the Power Sector and KE.

Public Affairs & Government Relations

KE deems its relationships with its stakeholders and the public as valuable. It is this line of dialogue that allows for an ease in bileteral communication between KE and the government as well as Karachi's civic agencies. Under the Public Affairs & Government Relations umbrella, KE focuses on the management of public sector/welfare projects, dissemination of information and supervision of stakeholder developments.

Public Affairs & Government Relations team manages its connections with the public and government bodies through three sub-teams, Public Affairs & Government Relations, CEO Taskforce and Technical Liaison. The Public Affairs & Government Relations team engages stakeholders from all the governing bodies of Pakistan to ensure optimum results as well as aids in liaising these external stakeholders with internal departments. Having partnered in multiple schemes that have augmented relations as well as infrastructure, such as Project ENSURE, Covid-19 Vaccination Centres, which enabled the Company to achieve 100% vaccination in September 2021, Heritage Foundation, park renovations and Project Sarbulandi in just the past year.

The Technical Liaison team has been allocated responsibilities that include but are not limited to planning and development of KE's infrastructure in the city. Through their relations with all governing and civic agencies, Technical Liaison has maintained a discourse that allows an ease for all KE related advancements.

Suppliers

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

In the current socio-economic landscape where the global supply chain is under immense pressure and both local and international logistics are challenged, it is imperative for an organisation to be agile and adaptive to the rapidly changing global supply chain trends. In order to rise up to the challenge, KE is now moving beyond the transactional dimensions of supply chain and entering into more strategic partnerships with its suppliers in order to ensure higher product quality, improved planning and greater supplier support which significantly improve the whole KE value chain.

By embedding technology in Company's processes, we are now geared up to take our supplier management and supplier partnership to the next level, thus increasing transparency, visibility and reducing variability.

Our suppliers can now effectively monitor their business prospects, receive timely updates about case developments, all through a click of a button on their dedicated dashboards from the comfort of their offices. This level of synergy between KE and its suppliers will ultimately benefit our consumers and in turn enable us to become the company of choice for its consumers.

Media

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

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

Regulators

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

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

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

The guiding principle of KE's policy for relationship and engagement with all the regulators is based on mutual respect, legal and regulatory compliance in letter and spirit and disclosure and dissemination of material information in a timely manner to ensure transparency at all levels. Interaction and engagement with SECP and PSX are quite frequent primarily in relation to announcements of financial results, changes in Board of Directors and management, disclosure of material and price sensitive information and filing of corporate/statutory returns etc. Moreover, the Company gives due importance to request for any information/document or query routed through the said regulators and promptly responds. Whereas scope of NEPRA's engagement is wider, encompassing public hearing on tariff and licensing related issues in addition to bilateral communications, discussions, and meetings.

Institutional & Other Investors

The Company respects and recognises the role and importance of institutional and other investors, both present and prospective. To facilitate them, it is ensured that all Company related information and key operational and financial data are updated on KE's website on regular basis. The Company holds analyst briefing session on regular basis in which active and meaningful participation of institutional and retail investors is encouraged and the Company values their views and suggestions to further improve its performance to benefit all its stakeholders.

Banks and Other Lenders

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

Awards

1.	National Fire Safety Award
2.	Annual Environment Excellence Award
3.	Environmental Risk Assessment Award
4.	Best Environment Initiatives Award at the Climate Change Summit
5.	Community Impact Award - 10th Annual International Corporate Social Responsibility Awards
6.	13th Annual CSR Awards 2021 - organised by the National Forum for Environment & Health (NFEH)
7.	Bronze Winner for SAP BW HANA Implementation - SAP Quality Awards Middle East & North Africa 2020

پروجیکٹ کیلئے ریکویسٹ فور پروپوزل (RFP) فی الحال نیپرا کی منظوری کے تحت ہے۔ یہ منصوبہ نئی ڈبل سرکٹ 132kV ٹرانسمشن لائن سمیت علاقے میں تجارتی اور صنعتی سرگرمیوں کیلئے بھی معاون ہوگا۔

نقصان میں کمی اور سماجی بہتری۔ درمیانی سے طویل مدّتی انتظام

لوڈشیڈ فری کراچی کا عزم لیے کمپنی بجلی کی چوری سے نمٹنے کیلئے اپنی کوششوں میں اضافہ کررہی ہے، موجودہ زیادہ نقصان والے PMTs کو ABC (ایریل بنڈلڈ کیبل) میں تبدیل کررہی ہے اور 2023ء تک تمام زیادہ نقصان والے PMTs کو ABC میں تبدیل کرنے کا ارادہ رکھتی ہے۔

اس کے علاوہ، پروجیکٹ سربلندی کے دوسرے مرحلے کے کامیاب اقدامات کی پیروی میں جولائی 2021ء میں مزید IBCs کیلئے اس منصوبے کے تیسرے مرحلے کا آغاز کیا گیا تھا، یہ منصوبہ بند سرمایہ کاری 900 کے لگ بھگ PMTs کی ABC میں تبدیلی، 150,000 سے زائد کم لاگت میٹرز اور سماجی بہتری کے اقدامات کو یقینی بنائے گی۔

بارش سے نقصان میں کمی کیلئے پاور انفرااسٹرکچر کو اونچا کرنا۔ مختصر سے طویل مدّتی انتظام

2020ء کے مون سون موسم سے سیکھتے ہوئے نشیبی یا غیر محفوظ علاقوں میں اہم پاور انفرااسٹرکچر کو اونچا کرنے کیلئے کام شروع کیا گیا تھا اور انھیں شدید موسمی واقعات سے نمٹنے کے قابل بنایا گیا۔ پہلے مرحلے کے تحت 98% کام مکمل کرلیا گیا ہے جبکہ باقی کام مالی سال 2022ء کی دوسری سہ ماہی میں مکمل کرلیا جائے گا۔ اس پروجیکٹ کے ڈیزائن اور نیٹ ورک کی بہتری کے لحاظ سے اقدامات کی تکمیل کیلئے معروف انجینئرنگ کنسلٹنسی فرم NESPAK کی خدمات حاصل کرلی گئی ہیں اور اُن کی سفارشات پر بھی عمل کیا جارہا ہے۔

طویل مدّتی آپریشنل ریلائبلیٹی پروگرام کے حصے کے طور پر MDMS پروجیکٹ اپنے آخری مراحل میں ہے۔ تمام PMTs اور اعلیٰ درجے کی توانائی کے صارفین کے پاس ریئل ٹائم انرجی کے استعمال کا ریکارڈ اور تجزیات موجود ہوں گے۔ اس کے علاوہ، اس کے قیام سے تمام تجزیات اور گورننس سلوشنز یا حل نکلنا شروع ہوجائیں گے۔ اس کے ساتھ ساتھ حفاظت اور تجارتی لحاظ سے یہ بھی بہت اہم ہے کہ ڈسٹری بیوشن ٹرانسفارمرز کو اہم مقامات پر دُور سے منقطع کیا اور دوبارہ جوڑا جاسکے گا۔

طویل مدّتی بنیادوں پر، ایک مکمل ڈسٹری بیوشن آپریشنل ری ہیبلیٹیشن (تقسیمی عمل کی بحالی) کا منصوبہ پیش کیا جارہا ہے جس کا بعد میں ایک بیرونی کنسلٹنٹ کے ذریعے جائزہ لیا جائے گا۔ منصوبے کی بنیادی توجہ حفاظت، معیار، مقدار اور قابلِ بھروسہ ہونے پر ہے۔

کاروباری تنوع۔ طویل مدّتی انتظام

KE کی متنوع حکمتِ عملی کے ایک حصے کے طور پر، KE وینچر کمپنی (پرائیویٹ) لمیٹڈ (KEVCL) کے نام سے ایک مکمل ملکیتی ذیلی ادارہ 30 جولائی 2020ء کو توانائی کے شعبے میں متعدد اقدامات کیلئے شامل کیا گیا تھا۔

اس کے علاوہ، ایک اور کمپنی کے۔ سولر (پرائیویٹ) لمیٹڈ جسے KEVCL کے تحت شامل کیا گیا ہے نے جون 2021ء میں اپنے آپریشنز کا آغاز کیا، جو ڈسٹری بیوٹڈ جنریشن بزنس میں مہارت رکھتی ہے اور رہائشی، تجارتی اور صنعتی صارفین کو پائیدار اور طویل مدّتی شمسی حل فراہم کرے گی۔

GoP اور NEPRA کا تعاون درکار ہے

اگرچہ کمپنی اپنے مضبوط سرمایہ کاری کے منصوبے کیلئے پُرعزم ہے جس کا مقصد صارفین اور پاکستان کی معیشت کو بڑے پیمانے پر فائدہ پہنچانا ہے، سرکاری اداروں اور محکموں سے بڑھتے ہوئے قابلِ وصول بقایا جات کمپنی کو درپیش ایک بڑا چیلنج ہیں۔ مزید یہ کہ مطلوبہ منظوریوں میں تاخیر کمپنی کیلئے اپنی سروس کی ذمّے داریوں کو پورا کرنے کی منصوبہ بند سرمایہ کاری کے بروقت عمل درآمد کو بھی متاثر کرتی ہے، اور اسی لیے کمپنی متعلقہ اسٹیک ہولڈرز بشمول سرکاری محکموں اور اداروں کے ساتھ ساتھ NEPRA کے ساتھ بھی مسلسل رابطے میں ہے اور پُراعتماد ہے کہ تمام اسٹیک ہولڈرز کی اجتماعی حمایت اور پاور انفرااسٹرکچر میں منصوبہ بند سرمایہ کاری پر عملدرآمد سے کراچی سرگرمیوں سے بھرپور ایک عظیم شہر میں تبدیل ہوجائے گا۔

اختتامیہ

آخری بات یہ کہ، کمپنی متعلقہ حکومتی، ریگولیٹری اور دیگر بیرونی اداروں کے ساتھ مشغول رہتی ہے تاکہ بڑے پیمانے پر پاور سیکٹر کیلئے سرمایہ کاری کے قابل ماحول کو یقینی بنایا جاسکے۔ تمام اسٹیک ہولڈرز کے اجتماعی تعاون کی بدولت کمپنی مستقبل کیلئے مثبت توقعات کو برقرار رکھتی ہے اور منافع بخش اور پائیدار ترقی کی طرف نظریں جمائے ہوئے ہے، اس کے ساتھ ساتھ صارفین کو سروس کی فراہمی کو بھی مستحکم کررہی ہے۔

اعترافات

بورڈ حکومتِ پاکستان، شیئر ہولڈرز، اور کمپنی کے صارفین کا اُن کے تعاون اور مدد اور کمپنی کے ملازمین کی حوصلہ افزائی پر اُن کا شکریہ ادا کرتا ہے۔

منجانب و برائے بورڈ،

سیّد مونس عبداللہ علوی	**شان اے اشعری**
چیف ایگزیکٹو آفیسر	چیئرمین

کراچی، 10 ستمبر 2021ء

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

بورڈ آف ڈائریکٹرز (BOD)

زیرِ جائزہ سال کے دوران، بورڈ میں درج ذیل تبدیلیاں رونما ہوئیں:

1- ریاض ایس اے اے اور لیس نے چیئرمین اور ڈائریکٹر کے عہدے سے استعفیٰ دے دیا اور شان اے اشعری 07 ستمبر 2020ء سے کمپنی کے بورڈ آف ڈائریکٹرز کے چیئرمین منتخب ہوئے۔

2- مصطفیٰ ناصر فاروقی نے 5 دسمبر 2020ء کو عارضی خالی اسامی کو پُر کیا اور 28 مئی 2021ء کو استعفیٰ دیا۔

3- اس کے بعد، سعدیہ خرم نے 28 مئی 2021ء کو بورڈ میں خاتون ڈائریکٹرز کے طور پر عارضی خالی اسامی پُر کی۔

مزید برآں محمد رضوان ڈالیہ نے کمپنی سیکریٹری کا چارج چھوڑ دیا اور رضوان پیسنانی کو یکم جون 2021ء سے اُن کی جگہ نیا کمپنی سیکریٹری مقرر کیا گیا۔

آڈیٹرز

موجودہ قانونی آڈیٹر، اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، PwC نیٹ ورک کی ایک رکن فرم، ریٹائرڈ اور اہل ہونے کے بعد، دوبارہ تقرری کیلئے خود کو پیش کیا۔ بورڈ آڈٹ کمیٹی (BAC) اور بورڈ کی سفارشات کی بنیاد پر 26 نومبر 2020ء کو سالانہ اجلاسِ عام میں کمپنی کے شیئر ہولڈرز نے اُنھیں مالی سال 2021ء کیلئے کمپنی کے قانونی آڈیٹر کے طور پر دوبارہ مقرر کیا۔

شنگھائی الیکٹرک پاور کا حصول

شنگھائی الیکٹرک پاور (SEP) نے اکتوبر 2016ء میں کمپنی میں 66.4% حصص کے حصول کیلئے KES پاور لمیٹڈ (ہولڈنگ کمپنی) کے ساتھ فروخت اور خریداری کا معاہدہ کیا، جو قابلِ اطلاق حکومتی منظوریوں کی وصولی اور دیگر شرائط کے اطمینان کے ساتھ مشروط ہے۔

مطلوبہ منظوریوں میں تاخیر اور کئی سالوں کی تاخیر کے باوجود، اس اسٹریٹجک سرمایہ کار نے اپنی خواہش کا اعادہ کیا ہے اور 31 مارچ 2021ء کو حصول کیلئے اپنے ارادے کا تازہ عوامی اعلان بھی جاری کیا ہے۔

پوری پاور ویلیو چین کی ضروریات کو پورا کرنے کیلئے ایک جارحانہ سرمایہ کاری کے منصوبے کے ساتھ، SEP کا کمپنی میں کنٹرولنگ اسٹیک کا حصول کراچی کے پاور انفرااسٹرکچر اور مقامی پاور سیکٹر کے تکنیکی منظر کو تبدیل کرنے میں گیم چینجر ثابت ہوگا۔

توقعات

KE ایک متحرک ادارہ ہے جس نے 1913ء سے اپنے آغاز سے اب تک اپنے 108 سالہ سفر میں لچک اور عزم کے ساتھ بڑھنے اور ترقی کی منازل طے کرنے، ایک سے زیادہ چیلنجز پر قابو پانے کا مظاہرہ کیا ہے۔ اپنے تمام صارفین کو محفوظ اور قابلِ بھروسہ بجلی فراہم کرنے کے نظریے پر یقین رکھتے ہوئے کمپنی نے اگلے دو سال میں پوری پاور ویلیو چین کیلئے لگ بھگ 1 بلین امریکی ڈالر کی سرمایہ کاری کی منصوبہ بندی کر رکھی ہے جس سے نہ صرف کراچی توانائی میں خودکفیل ہوجائے گا بلکہ اس کی سماجی و اقتصادی ترقی میں بھی اضافہ ہوگا، نتیجتاً اس سے پاکستان بھی ترقی کرے گا۔ تاہم KE ایک کوسٹ پلس ٹیرف نظام کے تحت چلتی ہے، اس کی منصوبہ بند سرمایہ کاریوں پر عملدرآمد کا انحصار KE کی جانب سے ملٹی ایئر ٹیرف (MYT) کی درمیانی مدّت کے جائزے کے حصّے کے طور پر جمع کروائے گئے سرمایہ کاری پلان کی نیپرا سے بروقت منظوری پر ہے۔

KE کے طے شدہ منصوبے- مختصر، درمیانی اور طویل مدّتی مقاصد

نیشنل گرڈ سے اضافی سپلائی- درمیانی سے طویل مدّتی انتظام

اپریل 2021ء سے موجودہ باہمی اتصال (interconnections) کے ذریعے نیشنل گرڈ سے 450-600 میگاواٹ کے کامیاب اضافی بجلی کے حصول کے بعد، کمپنی نے نئے گرڈز اور انٹرکنکشنز مرتب کرنے کے عمل کا آغاز کردیا ہے تاکہ جیسا کہ حکومتِ پاکستان نے منظور کیا ہے مزید اضافی بجلی کے حصول کیلئے نیشنل گرڈ سے کل سپلائی کو 2,050 میگاواٹ تک لے جایا جاسکے۔ اس سلسلے میں 220kV کے گرڈ اسٹیشنز اور اس سے منسلک ٹرانسمشن لائن کی تعمیر کیلئے دھابیجی میں تعمیراتی کام کا آغاز کردیا گیا ہے جس کی تکمیل 2022ء تک متوقع ہے۔ 500kV کے کے آئی (KKI) گرڈ اور اُس کی متعلقہ ٹرانسمشن لائن کیلئے بولیوں کی تکنیکی جانچ مکمل کر لی گئی ہے اور تجارتی جانچ کا عمل جاری ہے۔

KE کے سروس ایریا میں ڈیمانڈ- سپلائی کی صورتحال کو دیکھنے اور سنبھالنے کے علاوہ، نیشنل گرڈ سے اضافی بجلی لینے سے قومی سطح پر غیر فعال کیپسٹی پیمنٹس کے بوجھ کو کم کرنے میں بھی مدد ملے گی، جو گردشی قرضوں کے اہم محرکات میں سے ایک ہے۔

اس کے علاوہ، نیشنل گرڈ سے اضافی بجلی لینے کے معاہدے کے طریقۂ کار کو حتمی شکل دینے کیلئے KE متعلقہ اسٹیک ہولڈرز بشمول NTDC اور CPPA کے ساتھ بات چیت میں مصروف ہے اور ضروری منظوری کے بعد معاہدے کے انتظامات کو حتمی شکل دینے کیلئے حکومتِ پاکستان کے ساتھ بھی مسلسل رابطے میں ہے۔

حب، وندر، اتھل اور بیلہ میں ٹرانسمشن لائنز کی بحالی- درمیانی تا طویل مدّتی انتظام

کمپنی اپنے سروس کے علاقے کے دیہی حصّوں میں اپنے انفرااسٹرکچر کو اَپ گریڈ کرکے نمایاں سرمایہ کاری کرنے کا بھی ارادہ رکھتی ہے تاکہ اُن علاقوں میں بڑھتے ہوئے لوڈ پروفائل کو پورا کیا جاسکے۔ اس سلسلے میں KE نے حب چوکی سے بیلہ گرڈ تک موجودہ ٹرانسمشن لائنز کی مرحلہ وار بحالی کی منصوبہ بندی کی ہے، اس کے پہلے مرحلے جس کی تکمیل 2021ء کے آخر تک متوقع ہے کا 65% کام مکمل ہو چکا ہے۔

مزید برآں، وندر، اتھل اور بیلہ میں گرڈز کو 66kV سے 132kV تک بڑھانے کے ساتھ ساتھ ٹرانسفارمیشن کی گنجائش میں اضافے، بھروسے اور اس دائرۂ کار کو N-1 امکان میں لانے کیلئے نئی لائنز کی تنصیب کا منصوبہ بنایا گیا ہے۔ اس مرحلے کی تکمیل 2023ء میں متوقع ہے۔

فیول مکس کے متبادل رینیوبلز منصوبے- طویل مدّتی انتظام

مذکورہ بالا کے علاوہ، KE نے اپنے فیول مکس کو متنوع بنانے کے مقصد کے ساتھ اور سبز اور معاشی ذرائع سے بجلی پیدا کرنے کے اپنے عزم کے مطابق IPP اسٹرکچر کے تحت وندر، اتھل اور بیلہ ہر ایک میں 50 میگاواٹ کے شمسی توانائی کے منصوبے لگانے کا عمل شروع کیا ہے۔

ایکٹ 2015ء جائزالعمل ہوگا۔ اس سلسلے میں کمپنی کی درخواست سندھ ہائی کورٹ میں اس بنیاد پر زیر التواء ہے کہ دیگر مزید اعتراضات کے ساتھ کمپنی اُن گیس صارفین کے زمرے میں آتی ہے جس نے اپنی بلکس میں GIDC کو شامل نہیں کیا ہے اور نہ ہی اُسے وصول کیا ہے یا اپنے صارفین پر ڈالا ہے۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء کی تعمیل

ا۔ 30 جون 2021ء تک ڈائریکٹرز کی کل تعداد	13
i۔ خاتون	01
ii۔ مرد	12
iii۔ عارضی خالی اسامی	00
کمپوزیشن	
i۔ آزاد ڈائریکٹر	01
ii۔ نان ایگزیکٹیو ڈائریکٹرز	11
iii۔ ایگزیکٹیو ڈائریکٹرز	01
iv۔ عارضی خالی اسامی	00

ب۔ اس سالانہ رپورٹ میں بورڈ کمیٹیز کے ارکان کے نام ''کمپنی انفارمیشن'' میں درج ہیں۔

ج۔ بورڈ آف ڈائریکٹرز کے پاس کمپنیز ایکٹ 2017ء اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء کے مطابق ڈائریکٹرز کے معاوضے کا ایک شفاف طریقہ کار ہے۔

د۔ اجرت کی مجموعی رقم کی تفصیلات، ایگزیکٹیو اور نان ایگزیکٹیو کے الگ الگ بشمول تنخواہ/فیس، تقاضے، فوائد اور کارکردگی سے منسلک مراعات وغیرہ مالی بیانات کے نوٹس میں دستیاب ہیں۔

کمپنیز ایکٹ 2017ء کی تعمیل

مالیاتی گوشوارے کمپنی کے معاملات اور اس کے حالات کا منصفانہ جائزہ، اس کے آپریشنز کے نتائج، کیش فلو اور ایکوئیٹی میں تبدیلیاں پیش کرتے ہیں۔ کمپنی نے دوبارہ سرمایہ کاری کے تقاضوں اور کچھ قرض دہندگان کے باعث ڈیویڈنڈ/ بونس حصص کا اعلان نہیں کیا ہے۔

ا۔ اُن افراد کے نام، جو مالی سال کے دوران کسی بھی وقت، کمپنی کے ڈائریکٹرز تھے درج ذیل ہیں:

1- ادیب احمد

2- اسد علی شاہ

3- چوہدری خاقان سعد اللہ خان

4- ڈاکٹر احمد مجتبیٰ میمن

5- جمیل اکبر

6- خالد رفیع

7- مبشر ایچ شیخ

8- محمد عابد لاکھانی

9- مصطفیٰ ناصر فاروقی

10- ریاض ایس اے اے ادریس

11- روحیل محمد

12- سعدیہ خرم

13- شان اے اشعری

14- سید مونس عبداللہ علوی

15- وسیم مختار

ب۔ مالی سال کے دوران کمپنی کی کاروباری سرگرمیوں اور ترقی اور کارکردگی کو اس ڈائریکٹرز کی رپورٹ کے پچھلے صفحات میں شامل کیا گیا ہے۔

ج۔ کمپنی کو درپیش بنیادی خطرے اور غیر یقینی صورتحال کو ''گورننس اینڈ کمپلائنس'' سیکشن کے تحت ''بڑے کاروباری خطرات اور ان کی تخفیف'' میں تفصیل سے بیان کیا گیا ہے۔

د۔ مالی سال کے دوران کمپنی یا اس کے ماتحت اداروں کے کاروبار کی نوعیت، یا کمپنی کے مفاد کی حامل کسی دوسری کمپنی کے کاروبار کی نوعیت میں کوئی تبدیلی نہیں آئی جس میں کمپنی کو اس رپورٹ میں کاروباری تنوع کے تحت ذکر کردہ کے علاوہ دیگر دلچسپی ہو۔

ہ۔ آڈٹر کی رپورٹ میں ترمیم کے حوالے سے کوئی مواد نہیں تھا۔

و۔ شیئر ہولڈنگ اور شیئر ہولڈرز کے زمرے کو ''شیئر ہولڈرز انفارمیشن'' سیکشن میں بیان کیا گیا ہے۔

ز۔ کیمین آئی لینڈ میں قائم شدہ KES پاور لمیٹڈ کے۔الیکٹرک کی ہولڈنگ کمپنی ہے۔

ح۔ 30 جون 2021ء کو ختم ہونے والے سال کیلئے فی حصص آمدنی (EPS) (بنیادی/گھٹا ہوا) 0.43 روپے تھی۔

ط۔ کمپنی نے زیرِ جائزہ سال کے دوران منافع کی اطلاع دی ہے۔ اس رپورٹ میں منافع کے مستقبل کے امکانات پر وسیع بحث کی گئی ہے۔

ی۔ زیرِ جائزہ سال کے دوران کسی بھی قرض کی ادائیگی میں کوئی ڈیفالٹ نہیں تھا۔

ک۔ ایک اچھا مالیاتی کنٹرول سسٹم موجود ہے اور اس کی باقاعدہ نگرانی بورڈ فنانس کمیٹی (BFC)، بورڈ آڈٹ کمیٹی (BAC) کرتی ہے اور بورڈ آف ڈائریکٹرز کو بھی رپورٹ کرتی ہے۔

ل۔ عہدناموں کی تفصیلات مالیاتی گوشواروں کے نوٹس میں دستیاب ہیں۔

م۔ مستقبل کی ترقی، کارکردگی اور کمپنی کے کاروبار کی پوزیشن کو متاثر کرنے والے اہم رجحانات اور عوامل کو ''توقعات'' کے تحت بیان کیا گیا ہے۔

ن۔ اہم کاروباری منصوبے اور فیصلے اور ماحول پر اثرات کو ''ماحولیاتی، سماجی، عملداری اور پائیداری کے انتظام'' سیکشن کے تحت شامل کیا گیا ہے۔

س۔ زیرِ جائزہ سال کے دوران کمپنی کی جانب سے کارپوریٹ سماجی ذمّہ داری کے حوالے سے کی جانے والی سرگرمیوں پر ایک رپورٹ ''گورننس اینڈ کمپلائنس'' سیکشن کے تحت رکھی گئی ہے۔

پیروی میں، KE کے ڈسٹری بیوشن نیٹ ورک کی ارتھنگ اور گراؤنڈنگ کی تصدیق پر فریق ثالث کی جانب سے ایک رپورٹ نیپرا کی ہدایات کی پاسداری میں جمع کروادی گئی ہے۔ مزید یہ کہ سسٹم کو اضافی حفاظت اور مزید تحفظ کی فراہمی کی غرض سے، KE نے اپنے ارتھنگ پروجیکٹس کے دوسرے مرحلے کا آغاز کردیا ہے جس کے تحت تمام لوٹینشن (LT) پولز میں رنگ ارتھ وائر بطور ثانوی تحفظ نصب کیے جارہے ہیں، جبکہ KE سسٹم میں ایچ ٹی پولز پر ڈبل ارتھ وائر پہلے ہی نصب ہے۔ ہم باقاعدگی سے جانچ پڑتال کا بھی انعقاد کررہے ہیں تاکہ جہاں بھی پولز کی ارتھنگ رہ گئی ہو اُن کی نشاندہی اور ارتھنگ کردی جائے۔

KE، TV اور انٹرنیٹ کیبلز کی وجہ سے KE کے نیٹ ورک پر غیر قانونی تجاوزات کے مسئلے کا مسلسل تعاقب کرتی آرہی ہے اور اپنے نیٹ ورک سے ان غیر قانونی کیبلز کو لگاتار ہٹارہی ہے۔ KE بیرونی عوامل سے نبرد آزما ہونے کی غرض سے، جس میں ارتھنگ/گراؤنڈنگ مواد کی چوری اور KE نیٹ ورک کا غیر قانونی/غیر محفوظ استعمال بھی شامل ہے، متعلقہ حکام کی طرف سے مدد کی درخواست بھی کرتی ہے۔ اس خطرے کو کم کرنے کیلئے غیر قانونی اسٹریٹ لائٹ سوئچز کے ساتھ غیر قانونی TV اور انٹرنیٹ کیبلز کو ہٹانے کیلئے باقاعدہ مہم چلائی جاتی ہے۔

جولائی اور اگست 2020ء کی طوفانی بارشوں کے دوران مبینہ طور پر عوامی جانوں کے ضیاع پر نیپرا کی جانب سے عائد کردہ جرمانے کے سلسلے میں، کمپنی نے نظرِ ثانی کی درخواست جمع کروائی ہے جس میں وضاحت کی گئی ہے کہ زیادہ تر ناخوشگوار واقعات ناقص وائرنگ، بجلی کے آلات کے غیر محفوظ استعمال، KE کے نیٹ ورک کے آس پاس غیر مجاز تعمیرات اور بجلی کے پولز پر غیر قانونی کنڈا کنکشن کی وجہ سے رونما ہوئے ہیں۔

KE جبکہ اپنے صارفین کیلئے محفوظ اور قابلِ بھروسہ بجلی کی فراہمی کو یقینی بنانے کیلئے ہمیشہ پرعزم ہے اور اس سلسلے میں تمام ضروری اقدامات کررہی ہے، متعلقہ حکام اور بیرونی اسٹیک ہولڈرز کی طرف سے تعاون اس سلسلے میں سب سے زیادہ اہم ہے۔

کووڈ-19ء سے نمٹنے کیلئے KE کے اقدامات

کووڈ-19ء کے پھیلنے کے بعد سے، KE اپنے ملازمین اور صارفین کی حفاظت اور فلاح و بہبود کو یقینی بنانے کیلئے تمام ضروری احتیاطی تدابیر اختیار کیے ہوئے ہے۔ اس سلسلے میں، KE نے اپنی کارپوریٹ سماجی ذمے داری (CSR) کے مقاصد کے مطابق اور NCOC اور حکومتِ پاکستان کی ہدایات کے مطابق، پوری تنظیم میں مختلف آپریشنل پروٹوکولز نافذ کیے ہیں۔

مزید یہ کہ، حکومتِ سندھ کی مدد سے، KE نے مکمل طور پر مسلح اور تصدیق شدہ ناظم آباد اور ایلینڈر میڈیکل سہولیات میں دو ویکسینیشن مراکز قائم کیے اور ملازمین کو کووڈ-19ء کی روک تھام اور ویکسینیشن کی طرف حوصلہ افزائی کیلئے باقاعدہ رابطہ کیا۔ ان اقدامات کی وجہ سے، تمام KE ملازمین کو ویکسین لگادی گئی ہے، اور KE اب اپنے ملازمین کے خاندان کے افراد کو ویکسینیشن دینے کیلئے سرگرمِ عمل ہے۔

پروکیورمنٹ پروسیسز کی ڈیجیٹلائزیشن

استعدادِ کار، اچھا نظم ونسق، اور شفافیت کیلئے عزم کی روشنی میں، KE نے اپنے سپلائی چین پروسیسز کو ڈیجیٹلائز کردیا ہے۔ ARIBA جو کہ SAP کی کمپنی ہے، KE کے بروئے کار لائے گئے ERP کے ساتھ مکمل طور پر جڑ گئی ہے۔ آج تک 15 ارب روپے مالیت کی ٹرانزیکشنز حاصل شدہ مطلوبہ نتائج کے ساتھ ARIBA کے ذریعے عمل میں لائی جاچکی ہیں۔ ARIBA کی استعدادِ کار نے موزوں اور اہل وینڈرز سے بہترین قیمت پر اشیا اور خدمات کے حصول کے فوری اور بروقت فیصلوں کیلئے تیار تجزیے اور محفوظ ڈیٹا ٹرانسفر/فلو کے ذریعے ملازمین اور سپلائر کے تجربات میں اضافہ کیا ہے۔

ARIBA میں ایک اضافی فنکشنالٹی آف ریورس آکشن موجود ہے، جہاں بڈنگ (بولی) پہلے سے طے شدہ وقت کے اندر لائیو ہے اور حقیقی وقت میں دیکھا جانا ممکن ہے۔ اس سے مسابقانہ بولی جس کا مقصد بہترین قیمتِ خرید کی پیشکش حاصل کرنا ہے کے ذریعے فوری نتائج ممکن ہوجائیں گے۔

صارفین کے ساتھ مستقل دوطرفہ ابلاغ

KE نے ایک جامع کرائسس کمیونیکیشن پروٹوکول قائم کردیا ہے جو کہ حالیہ مالی سال کے دوران فیس بک اور ٹوئٹر پر ایک لائیو اسٹریم مرکز رہا ہے، جس سے KE کے ڈسٹری بیوشن نیٹ ورک اور بحالی کی کوششوں پر حقیقی وقت کے اندر تازہ ترین صورتحال مہیا ہوجاتی ہے۔ یہ نشرواشاعت KE اور صارفین کے درمیان معلومات کا واحد مقام بن گیا ہے اور اسے کمپنی کے ترجمان کی طرف سے پیغامات، بحالی کی پیش رفت پر ہر گھنٹے بجلی کی تازہ ترین خبر، اور حفاظت پر پیغامات کے ساتھ ساتھ بجلی کی بحالی میں ہماری فیلڈ ٹیمز کی جانب سے درپیش چیلنجز کے حوالے سے باقاعدگی سے اَپ ڈیٹ کیا جاتا ہے۔

کرائسس کمیونیکیشن مستعدی سے معلومات کی فراہمی کا احاطہ کرتی ہے تاکہ صارفین کو یوٹیلیٹی کے جاری وعدے سے متعلق آگاہ رکھنے کی غرض سے اُنھیں محفوظ اور قابلِ بھروسہ بجلی فراہم کی جائے۔ ڈیجیٹل اور الیکٹرونک میڈیا پر لائیو اسٹریم اور منسلکہ کاوشیں صارفین کی تشویشوں کا ازالہ اور معلومات کے بہاؤ کو منظم کرسکتی ہیں جو کہ عوامی جگہوں میں موجود حقیقت پر مبنی بیانیے کی موجودگی کو یقینی بناتی ہیں۔

آڈیٹرز کے مشاہدات

آڈیٹرز نے درج ذیل تین امور پر زیادہ زور دیا ہے:

فنانشل اسٹیٹمنٹس کے نوٹ 31.1.1 میں وضاحت کے مطابق، سرکاری کنٹرول میں موجود اداروں کی وجہ سے بقایا واجبات پر فنانشل چارجز/مارک اَپ کمپنی کی جانب سے صرف اس وقت واجب الادا ہوں گے جب وہ ٹیرف ڈفرینشل کلیمز اور پبلک سیکٹر کنزیومر کی کمپنی کے انرجی ڈیوز پر بقایا قابلِ وصول بیلنسز پر مارک اَپ حاصل کرے گی۔

فنانشل اسٹیٹمنٹس کا نوٹ 13.1 ملحقہ مالیاتی بیانات جو کہ نیپرا کے زیرِ التوا تجارتی قرضوں کی معافی (ٹریڈ ڈیبٹس کے رائٹ آف) کے کلیمز کے حوالے سے معاملے کی وضاحت کرتا ہے۔

فنانشل اسٹیٹمنٹس کے نوٹ 31.1.5 میں وضاحت کردہ کے مطابق، عدالتِ عظمیٰ پاکستان کے فیصلے بحوالہ 13 اگست 2020ء میں فیصلہ کیا جاچکا ہے کہ گیس انفرااسٹرکچر ڈیولپمنٹ سیس (GIDC)

23 اگست 2021ء کے حکم نامے کے ذریعے معزز عدالتِ عالیہ سندھ نے درخواستوں کو اہلیت سے عاری ہونے پر خارج کردیا اور جولائی 2016ء تا جون 2019ء کے عرصے کیلئے ماہانہ FCA اخراجات کے نیپرا کی طرف سے دیے گئے فیصلے کو قانون کے مطابق قرار دے دیا۔ اس طرح اِس معاملے کا فیصلہ KE کے حق میں رہا۔

جون اور جولائی 2020ء کے دوران بجلی کی بندش پر نیپرا کا فیصلہ

نیپرا نے مورخہ 27 اگست 2020ء کو اپنے فیصلے کے ذریعے 2020ء کے موسم گرما کے دوران بجلی کی لوڈشیڈنگ کے معاملے پر 200 ملین روپے کا جرمانہ عائد کیا تھا جس کے خلاف KE نے نظرِ ثانی کی درخواست جمع کروائی تھی۔

اس کے بعد نیپرا نے مورخہ یکم اپریل 2021ء کو KE کی نظرِ ثانی کی درخواست کے خلاف مورخہ 27 اگست 2020ء کے فیصلے پر اپنا حکم نامہ جاری کردیا جس میں نیپرا نے کچھ معاملات پر KE کے مؤقف کو قبول کرلیا اور جرمانے میں ترمیم کرتے ہوئے اُسے 160 ملین روپے کردیا۔ کمپنی نے احتجاجاً ترمیم شدہ جرمانہ ادا کردیا ہے اور نیپرا حکم نامے پر ایک اپیل اپیلیٹ ٹریبونل میں جمع کروادی ہے۔

KE ڈسٹری بیوشن لائسنس میں حکام کی تجویز کردہ ترمیم (APM)

نیپرا نے سپریم کورٹ کے حکم نامے مورخہ یکم ستمبر 2020ء HRC 20883/2018 کی روشنی میں نیپرا ترمیمی ایکٹ کی شق 26 کے تحت KE کے ڈسٹری بیوشن لائسنس میں APM کیلئے کارروائیوں پر زور دیا ہے اور 21 اپریل 2021ء کو اس معاملے میں اپنا فیصلہ جاری کیا ہے۔ مذکورہ حکم نامے کے تحت، نیپرا نے KE کے ڈسٹری بیوشن کے خصوصی حقوق اور KE کے ڈسٹری بیوشن لائسنس کے آرٹیکل 7 کی مطابقت میں الیکٹرک پاور کی فروخت کچھ شرائط کے اطلاق کے ساتھ جس میں کسی بھی پیداواری کمپنی کے ذریعے BPCs کی جانب سے پاور کی وہیلنگ کی اجازت دینا شامل ہے کو تسلیم کیا ہے اور انھیں برقرار رکھا ہے۔

نیپرا ترمیمی ایکٹ کی شق 50 کی روشنی میں KE نے اُس کے خلاف ایک نظرِ ثانی کی درخواست داخل کردی ہے جس میں KE کے ڈسٹری بیوشن لائسنس پر نیپرا کے ترمیمی ایکٹ کے ماضی کے اطلاق کے نتیجے میں درج بالا کو عائد کردینے پر خصوصی زور دیا گیا ہے۔ نیپرا ترمیمی ایکٹ کی سابقہ درخواست پر KE کے نقطۂ نظر کی اس معاملے پر نیپرا کے خلاف IESCO اور HESCO کی جانب سے دائر ایک علیحدہ کیس مورخہ 8 جولائی 2021ء میں بھی توثیق کردی گئی جس میں اسلام آباد ہائی کورٹ نے حکم دیا ہے کہ ڈسٹری بیوشن کمپنیز کے اختصاص کو نیپرا کی طرف سے دیے گئے ان کے متعلقہ خصوصی ڈسٹری بیوشن لائسنس کے اختتام تک محفوظ رکھا جائے گا اور نیپرا ایکٹ میں کی گئیں ترامیم کو صرف آئندہ کیلئے ہی لاگو کیا جاسکتا ہے اور یہ ان کے متعلقہ لائسنسز کے تحت ڈسٹری بیوشن کمپنیز کی جانب سے رکھے گئے خصوصی حقوق پر اثر انداز نہیں ہوتے یا انھیں ناکارہ نہیں بناتے ہیں۔

درج بالا کو مدِ نظر رکھتے ہوئے، KE توقع رکھتی ہے کہ اس معاملے کا خوشگوار نتیجہ برآمد ہوگا۔

قومی بجلی پالیسی 2021ء اور قومی بجلی منصوبہ

نیپرا ترمیمی ایکٹ 2018ء کی شق 14A وفاقی حکومت سے تقاضا کرتی ہے کہ وہ CCI کی منظوری کے ساتھ قومی بجلی پالیسی تیار اور تجویز کرے۔ اس کے مطابق، قومی بجلی پالیسی 2021ء، جون 2021ء میں CCI کی جانب سے تیار کرلی گئی ہے اور بالآخر منظور بھی کرلی گئی ہے۔

قومی بجلی پالیسی 2021ء مالیاتی لحاظ سے قابلِ عمل اور پائیدار پاور شعبے کیلئے تصورات وخیالات کا احاطہ کرتی ہے جس میں اوپن مارکیٹس کی جانب تصور کردہ منتقلی کیلئے رہنما اصولوں کے ساتھ ساتھ ڈسٹری بیوشن شعبے میں لاگت منعکس کرتے نرخ کو ترتیب وتشکیل دینے کی ضرورت شامل ہیں۔

قومی بجلی پالیسی 2021ء میں مہیا کردہ پالیسی گائیڈ لائنز کے نفاذ کیلئے، پندرہ سالوں کے امکانات کے ساتھ ایک پانچ سالہ قومی بجلی پالیسی کی تشکیل کی جائے گی اعلیٰ سطحی امورکار، ٹائم لائنز، اور متعلقہ اداروں کی ذمے داریوں کو شامل کیا جائے گا۔ قومی بجلی پالیسی 2021ء کی منظوری کے بعد، قومی بجلی پلان کیلئے بحث ومباحثے اور مشاورت کے عمل کا آغاز ہوگیا ہے جس کیلئے کمپنی متعلقہ اسٹیک ہولڈرز کے ساتھ رابطے میں ہے۔

مسابقانہ منظر نامہ اور مارکیٹ پوزیشننگ

اس شعبے کے موجودہ اسٹرکچر کے تحت، پاور ڈسٹری بیوشن کمپنیز کے پاس پاور کی فروخت اور ڈسٹری بیوشن کے خصوصی حقوق ان کے ڈسٹری بیوشن لائسنس کے اختتام تک موجود ہیں، جیسا کہ اسلام آباد ہائی کورٹ کے حکم نامے مورخہ 8 جولائی 2021ء میں اس کی طرف سے توثیق بھی کردی گئی ہے۔

پاکستان میں انضباطی منظر نامہ کمپیٹیٹو ٹریڈنگ بائیلیٹرل کنٹریکٹس مارکیٹ (CTBCM) ماڈل کے نفاذ کے ساتھ تبدیلی کیلئے تیار ہے جس کا مقصد پورے ملک میں ایک مسابقانہ ہول سیل الیکٹرسٹی مارکیٹ متعارف کروانا ہے۔ نیپرا نے اس کے تعین ودریافت مورخہ 12 نومبر 2020ء کے ذریعے CTBCM کے مفصل ڈیزائن کی منظوری دے دی ہے، تاہم، نیپرا نے KE کے مجوزہ انٹگریشن کی منظوری نہیں دی ہے اور KE کو حکم دیا ہے کہ وہ متعلقہ اسٹیک ہولڈرز کے ساتھ مشاورت میں CTBCM کی جانب منتقلی کیلئے اپنے پلان کی تخمین وتشخیص کرے اور اُسے تیار کرے۔

اسی طرح، نیپرا کے حکم نامے کی مطابقت میں، KE نے متعلقہ اسٹیک ہولڈرز کے ساتھ تفصیلی مشاورت کے بعد اپنا ایویلیوایشن اینڈ انٹگریشن پلان جمع کروادیا ہے، جس میں KE نے سفارش کی ہے کہ CTBCM کے کامیاب نفاذ کیلئے، یہ اہم ہے کہ قومی بجلی پالیسی 2021ء کے ساتھ ہم آہنگ ہوکر ایک پائیدار اور منظم تبدیلی اور پاکستان میں مسابقانہ ہول سیل الیکٹرسٹی مارکیٹس کے قیام کیلئے CCoE کے منظور شدہ اصولوں کو یقینی بنایا جائے۔

KE کمپیٹیٹیو مارکیٹس کی طرف پائیدار منتقلی کے حوالے سے نیپرا سمیت تمام متعلقہ اسٹیک ہولڈرز کے ساتھ بات چیت جاری رکھے ہوئے ہے، جس میں KE کا ٹیرف بعد از جون 2023 کلیدی پالیسی معاملات کا لازمی حصہ ہے اور اسی لیے KE کا ہدف یہ ہے کہ موجودہ MYT کی مدّت ختم ہونے سے پہلے نئے ٹیرف کی درخواست نیپرا میں دائر کردی جائے۔

نیٹ ورک سیفٹی اور پروٹیکشن کو بڑھانے کیلئے اقدامات

اپنے نیٹ ورک کی پائیداری اور حفاظت کے مسلسل استحکام کے اپنے عزم کے جزو کے طور پر، دورانِ سال جولائی 2020ء میں تمام لوٹینشن (LT) پولز کی ارتھنگ اور گراؤنڈنگ کی دوبارہ توثیق کی تکمیل کی

سرکاری اداروں اور شعبوں سے بڑھتی ہوئیں قابلِ وصول رقوم

گردشی قرضے توانائی کے شعبے کیلئے پرانے چیلنج رہے ہیں، وہ بھی ایسی سطحوں پر کہ پورے کے پورے شعبے کا استحکام و پائیداری اور مجموعی معیشت تک خطرے میں پڑی ہے۔

30 جون 2021ء کے مطابق، KE کی مختلف وفاقی وصوبائی اداروں سے قابلِ وصول رقم بنیادی طور پر لگ بھگ 58 ارب روپے ہے۔ قابلِ وصول رقوم میں مسلسل اضافہ کمپنی کے کیش فلو کی صورتحال کو بری طرح متاثر کررہا ہے، یہ پاور انفرااسٹرکچر میں سرمایہ کاری کی رفتار کو تیز کرنے کی کمپنی کی صلاحیت میں اچھی خاصی رکاوٹ پیدا کررہا ہے۔ اس لیے، KE اور مجموعی پاور سیکٹر کے استحکام کیلئے، تمام فریقین، بشمول حکومتِ پاکستان کیلئے اس دیرینہ مسئلے کا پائیدار حال نکالنا ضروری ہے۔

اس سلسلے میں متعلقہ فریقین کو شامل کرکے ثالث کے ذریعے تاریخی تنازعے کے حل کیلئے ٹرمز آف ریفرنس (ToRs) کو حتمی شکل دینے پر گفت وشنید جاری ہے۔

یہ بات قابلِ ذکر ہے کہ سرکاری اداروں اور شعبہ جات سے KE کی قابلِ وصول رقوم کا حصول زیرِ التوا ہونے کے باوجود، کمپنی نے ایندھن فراہم کرنے والے اہم اداروں اور IPPs جن میں SSGC اور PSO شامل ہیں کو جاری ماہانہ بلز کی ادائیگیوں کو یقینی بنایا ہے تاکہ بزنس آپریشن کے تسلسل کو یقینی بنایا جائے۔ یہ بات بھی اہم ہے کہ اگر ان ادائیگیوں کو ممکن نہ بنایا جاتا تو اس سے KE کے سروس ایریا کے اندر طلب ورسد پر بہت برے اثرات مرتب ہوتے، جو بالآخر لوڈشیڈنگ پر منتج ہوتے۔ تاہم، ان ادائیگیوں کو زائد قرضوں کے ذریعے ادا کردیا گیا ہے تاکہ کمپنی کے آپریشنل اور ورکنگ کیپٹل کی ضروریات کیلئے رقوم مہیا ہوجائیں۔

کمپنی متعلقہ اسٹیک ہولڈرز کے ساتھ لگاتار رابطے میں ہے اور قانون کے مطابق اس مسئلے کے جائز ومنصفانہ حل کی خواہاں ہے۔

لیکویڈٹی اور کیپٹل اسٹرکچر

لیکویڈٹی اور کیپٹل اسٹرکچر

جمع ہونے والے ٹیرف ڈفرینشل کلیمز (TDC) اور قابلِ وصول بقایا جات جو کہ دیگر سرکاری شعبوں واداروں کے ذمے ہیں نے کمپنی کے کیش فلو کی صورتحال کو اچھا خاصا متاثر کیا ہے۔ تاہم اس کیش فلو کی ضرورت کو بینکس اور دیگر مالیاتی اداروں کی طویل اور مسلسل مدد کے ذریعے منظم کیا جارہا ہے۔

تازہ ترین فراہمی مالیات وقرضہ جات

اسلامک کمرشل پیپرز

مالی سال 2021ء کے دوران، کمپنی نے 40 ارب روپے مالیت کے چھ ماہ کی مدّت کے 10 اسلامک کمرشل پیپرز کے نجی طور پر علیحدہ علیحدہ اجرا کے ذریعے اپنے اسلامک کمرشل پیپرز (ICP) کا تسلسل برقرار رکھا تاکہ پچھلے جاری کردہ ICPs کی پختگی (میچوریٹی) کو رقم فراہم کردی جائے اور جزوی طور پر اضافی عملی سرمائے کی ضروریات کو قرضہ فراہم کیا جائے۔ KE کے ICP پروگرام کیلئے کیپٹل مارکیٹ (سرمائے کی منڈی) کی مسلسل مدد نے کمپنی کو نہ صرف متنوع ڈیٹ پورٹفولیو کو برقرار رکھنے کے قابل بنایا بلکہ کمپنی کے اسٹریٹیجک پروجیکٹس کی مدد کرنے کیلئے بینکس میں سے چند کی فراہمی قرضہ کی حدود کو بھی بروئے کار لانے کو ممکن بنایا۔

900 میگاواٹ BQPS-III پروجیکٹ کیلئے فراہمی قرضہ

900 میگاواٹ BQPS-III پروجیکٹ کیلئے منصوبہ کردہ فراہمی قرضہ مقامی اور غیر ملکی قرضوں کا مجموعہ ہے۔ غیر ملکی قرضوں کو ایکسپورٹ کریڈٹ ایجنسی (ECA) کی جانب سے انشورنس کور دیا گیا ہے۔ جرمن (ECA)، یولر ہرمیز، نے پہلے ہی اس پروجیکٹ کے جرمن حصے کو قرض دینے کیلئے ECA انشورنس کور کی فراہمی کیلئے اس کی منظوری دے دی ہے، جبکہ چینی حصے کیلئے چائنیز ECA سائنوشیور کی منظوری حتمی مراحل میں ہے، سائنوشیور بورڈ اور چینی وزارتی سطح پر تمام منظوری حاصل ہوچکی ہے اور ریاستی کونسل کی منظوری جاری ہے۔ قرض دینے والے غیر ملکی اور ملکی دونوں سہولت کاروں کی طرف سے عزم مکمل طور پر محفوظ اور حتمی ہے۔

وسائل کی تخصیص اور سرمائے کی ساخت

منظم منصوبوں کی موثر تعمیل کیلئے وسائل کی تخصیص ایک اہم سرگرمی ہے۔ کمپنی اپنے ادارہ جاتی مقاصد اور مختصر، درمیانی، اور طویل مدّتی اہداف کے مطابق بجٹنگ پروسیس اور طویل مدّتی بزنس پلان کے ذریعے وسائل کی تخصیص کرتی ہے۔

نرخ سے متعلق اُمور پر تازہ ترین

MYT مڈٹرم جائزہ

MYT کے تحت 11 مارچ 2020ء کو دائر کی گئی مڈٹرم جائزہ کی درخواست فی الحال زیرِ فیصلہ ہے، تاہم محتاط رویہ اختیار کرتے ہوئے کمپنی نے ٹیرف کے منفی جزو کو سرمایہ کاری منصوبوں میں تبدیلیوں کی بنا پر جس کو نوٹ 1.7 میں مزید تفصیل سے بیان کیا گیا ہے، مالیاتی گوشواروں میں شامل کرلیا ہے۔ بہرحال، کمپنی نیپرا کے ساتھ مسلسل رابطے میں ہے اور توقع کرتی ہے کہ ٹیرف میں ضروری ایڈجسٹمنٹس کی اجازت دی جانی چاہیے جو کہ کمپنی کی بقا اور استحکام کو یقینی بنانے کیلئے انتہائی اہم ہیں، اور وہ صارفین کے وسیع تر مفاد میں کمپنی کو اپنی پوری پاور ویلیو چین میں مطلوبہ سرمایہ کاری کرنے کے قابل بھی بناتی ہیں۔

ریکوری لاس کیلئے دائر کردہ اخراجات کی زیرِ التوا منظوری

کمپنی نیپرا کے ساتھ زیرِ التوا سہ ماہی ٹیرف ایڈجسٹمنٹس کی منظوری کیلئے مسلسل رابطے میں ہے، جس میں سال 2017ء سے 2020ء تک کے ریکوری لاس بھی شامل ہیں جو کہ نیپرا کے طے شدہ میکنزم کے مطابق دائر کیے گئے ہیں جیسا کہ مالیاتی گوشواروں کے نوٹس 33.2 میں وضاحت کے ساتھ مکمل طور پر بیان کیا گیا ہے۔

جبکہ مالی سال 2017ء تا 2020ء کیلئے دعوے نیپرا کی منظوری کیلئے زیرِ التوا ہیں، مالی سال 2021ء کیلئے دعوؤں کی تصدیق ایکسٹرنل آڈیٹرز سے کروائی جاچکی ہے، اور مقررہ وقت پر نیپرا میں جمع کروادی جائے گی۔ ان درخواستوں کی بروقت منظوری کمپنی کے استحکام اور طے شدہ سرمایہ کاری کے منصوبوں پر عمل کرنے کیلئے بہت اہم ہے۔

جولائی 2016ء تا جون 2019ء کے عرصے کیلئے KE کے FCA پر معزز سندھ ہائی کورٹ کا فیصلہ

جنوری 2020ء میں متعدد صنعتی صارفین نے سندھ ہائی کورٹ کے سامنے نیپرا کے تعیّن کو اس بنیاد پر چیلنج کردیا کہ نیپرا کو اختیار حاصل نہیں ہے کہ وہ KE کو زیرِ موضوع پچھلے سالوں کیلئے FCA اخراجات کی اجازت دے دے۔

سیلف جنریشن فرنٹ پر 900 میگاواٹ کے RLNG فائرڈ پروجیکٹ، بن قاسم پاور اسٹیشن III (BQPS-III) پر تعمیراتی کام کووڈ-19 وبا سے متاثر ہوا ہے جو کہ اکثر ممالک میں لاک ڈاؤن اور عالمی سپلائی چین میں خلل کا سبب بن رہا ہے۔ تاہم، تمام اسٹیک ہولڈرز کی طرف سے مسلسل کوششیں جاری ہیں کہ 900 میگاواٹ پلانٹ کے پہلے یونٹ کا آغاز مالی سال 2022ء کی دوسری سہ ماہی میں کر دیا جائے، جو کہ ملک کے اندر شروع ہونے والے اس طرح کے منصوبوں میں سے ایک تیز ترین منصوبہ بن جائے گا۔ 900 میگاواٹ پروجیکٹ کے دوسرے یونٹ پر کام بھی تیز ہو گیا ہے اور کریٹیکل پاور ٹرین ایکوپمنٹ بشمول GT، ST اور جنریٹر کے منسلک ساز و سامان کے ساتھ ان کی بنیادوں پر نصب کیے جا چکے ہیں۔ 150 ایم ایم سی ایف ڈی RLNG کی فراہمی کیلئے گیس کی فراہمی کا ایک معاہدہ (GSA) اگست 2021ء میں پاکستان ایل این جی لمیٹڈ (PLL) کے ساتھ دستخط ہو چکا ہے۔ یہ اپنی نوعیت کا پہلا معاہدہ ہے جہاں RLNG کسی حکومتی ادارے کی جانب سے براہ راست ایک نجی شعبے کی کمپنی کو فراہم کی جا رہی ہے۔ جنوری 2021ء میں اوگرا کی جانب سے ٹرانسمشن لائسنس دینے کے بعد، KE کے بن قاسم کمپلیکس کیلئے RLNG کی فراہمی کیلئے مخصوص پائپ لائن پر تعمیراتی کام مئی 2021ء میں مکمل کر لیا گیا تھا۔ یہ اسٹیٹ آف دی آرٹ پاور پلانٹ، کمبائنڈ سائیکل گیس ٹربائن (CCGT) کنفگریشن پر چلنے والے 450 میگاواٹ کے دو یونٹس پر مشتمل ہے جس میں جنریشن پلانٹ کے ساتھ ساتھ ٹرانسمشن انفرااسٹرکچر کی اپ گریڈیشن بشمول 3 کریٹیکل لوڈ گرڈ اور 2 انٹرکنکشن گرڈ اسٹیشنز میں اضافہ اور اُن سے مستحکم بجلی کا حصول شامل ہے۔

2021ء کے موسم گرما میں بجلی کی مانگ کو پورا کرنے کیلئے، KE نے نیشنل ٹرانسمشن اینڈ ڈسٹری بیوشن کمپنی (NTDC) کے اشتراک عمل سے KDA - جامشورو لائنز کی بحالی کے ساتھ کراس ٹرپ اسکیم کا نفاذ کامیابی سے کر دیا ہے جس سے KE کیلئے موجودہ انٹرکنکشنز کے ذریعے قومی گرڈ سے 450 تا 600 میگا واٹ اضافی بجلی حاصل کرنا ممکن ہو گیا ہے۔ وزارتِ توانائی (پاور ڈویژن) اور NTDC کی مدد سے اور نیپرا کی رہنمائی سے KE نیشنل گرڈ سے اضافی بجلی کے انخلا سے اور کمبائنڈ سائیکل KCCP کو HSD پر چلانے کی وجہ سے موسم گرما 2021ء میں بجلی کی بڑھتی ہوئی طلب کو اور ساتھ ہی ساتھ گیس پریشر کی کمی کو بھی مناسب طریقے سے مینج کیا۔ ہمیں یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ اضافہ شدہ بجلی کیلئے ادائیگیاں کر دی گئی ہیں جبکہ بقایا واجبات کیلئے ٹیرف سبسڈی سے کلیمز ایڈجسٹ / ریلیز کرنے کی تجاویز دی گئی ہیں۔

مزید برآں ٹرانسمشن کی صلاحیت کو بڑھانے اور اپنے ٹرانسمشن نیٹ ورک کی مجموعی انحصاریت کو مزید بہتر بنانے کا مقصد لیے TP-1000 پروجیکٹ کے علاوہ نئے گرڈز اور انٹرکنکشن کیلئے کام کیا گیا۔ اس سال KE نے 5 نئے ٹرانسفارمر کے اضافے اور 132 kV محمود آباد گرڈ کے ذریعے اپنی ٹرانسمشن صلاحیت کو مزید بڑھایا جو کہ محمود آباد کے علاقے میں بجلی کی بڑھتی ہوئی طلب کو پورا کرنے میں معاون ہو گی۔ نئے یا تبدیل شدہ پاور ٹرانسفارمرز کے ذریعے 184MVAs کا نیٹ اضافہ ہوا جس سے کل ٹرانسفارمیشن کی صلاحیت 6,536MVAs ہو گئی ہے جو کہ زیادہ سے زیادہ بجلی کی طلب کو پورا کرنے کیلئے کافی ہے۔

اس کے علاوہ، جیکب لائن گرڈ پر دو 132kV جی آئی ایس (GIS) لائن بیز کی آگمنٹیشن اور قیوم آباد گرڈ اسٹیشن پر دو 132 kV جی آئی ایس (GIS) لائن بیز کی انرجائزیشن بھی عمل میں آئی ہیں، جس کے ساتھ ساتھ KDA گرڈ پر سات عدد 132kV جی آئی ایس (GIS) بیز کی بحالی بھی کی گئی ہے جس کے نتیجے میں نیٹ ورک کی مزید توسیع اور تقویت و مضبوطی ہو گئی ہے۔

تقسیم کے محاذ پر، نقصانات میں کمی کے اقدامات کے جزو کے طور پر، KE نے تاحال تقریباً 11,000 پول ماؤنٹڈ ٹرانسفارمرز (PMTs) ایریل بنڈلڈ کیبل (ABC) میں تبدیل کر دیے ہیں۔ اس عمل نے کمپنی کیلئے اس کے T&D نقصانات میں اچھی خاصی کمی کو ممکن بنایا ہے اور کمپنی سماجی ترقی اور بہتری کے ذریعے لوڈ شیڈنگ میں کمی سے صارفین کو فائدہ پہنچانے کے قابل ہوئی ہے۔ مالی سال 2021ء میں ان اقدامات سے 125,000 سے زائد صارفین (مالی سال 2020ء: 45,000) کو کنڈا کنکشن سے میٹر کنکشن پر منتقل کر دیا گیا ہے۔

مالی سال 2021ء کے دوران، کمپنی نے پروجیکٹ سربلندی کے دوسرے مرحلے کا آغاز کر دیا، اس منصوبے کا مقصد کراچی کے پسماندہ علاقوں کو ترقی دینا ہے۔ سربلندی منصوبے کے تحت لیے جانے والے اقدامات کی مرکزی توجہ نیٹ ورک کی صحت کو بہتر بنانا، ABC منتقلی کے ذریعے تجارتی نقصانات کو کم کرنا، وصولیابیوں کو بہتر بنانا اور سماجی شمولیت کی سرگرمیوں کے ذریعے علاقوں کو بلندی اور ترقی کی طرف لے جانا ہے۔ سربلندی منصوبے کے ذریعے 50 لاکھ سے زائد رہائشیوں نے جن سرگرمیوں سے فائدہ اُٹھایا اُن میں واٹر فلٹریشن پلانٹس کی تنصیب، اسکول اور باغات کی تزئین و آرائش، ساز و سامان (کمپیوٹرز، کتابیں وغیرہ) کے تحائف شامل ہیں۔

کمپنی نے مختلف بڑے بڑے نقصان والے علاقوں سے تقریباً 266,000 کلوگرام کے کنڈا کنکشنز کامیابی سے ہٹا کر موبائل نیو کنکشن وین (MNCV) کے ذریعے اُن علاقوں میں لگ بھگ 152,000 میٹرز اور 80,600 آسان میٹرز بھی لگائے۔

بجلی چوری کو کم کرنے اور آسان اقساط منصوبوں کی فراہمی کے ذریعے بلز کی بروقت ادائیگی کے کلچر کو فروغ دینے کیلئے "آزادی" ریبیٹ اسکیم کا آغاز کیا گیا تھا جس نے مالی سال 20ء میں وصولیوں کے تناسب کو 92.1% سے بڑھا کر مالی سال 2021ء میں 94.9% کرنے میں اہم کردار ادا کیا۔

اس کے علاوہ، KE نیٹ ورک ہیلتھ، ریلائبلیٹی اور سیفٹی میں سرمایہ کاری اور اسے بہتر بنانے کیلئے پرعزم ہے۔ اس سلسلے میں، کمپنی نے کئی اقدامات لینے کا منصوبہ بنایا ہے جس میں فیڈرز اور PMTs کے اضافے کے ذریعے نیٹ ورک صلاحیت کو بہتر بنانا جس میں نیٹ ورک سیفٹی اقدامات بھی شامل ہیں جیسے کہ پبلک ایکسیڈنٹ پریوینشن پلان (PAPP) اور پروجیکٹ انشور جو کہ پچھلے مون سون سے سبق سیکھتے ہوئے، KE ڈسٹری بیوشن نیٹ ورک میں مزید وسعت پر توجہ دینے جیسے اُمور پر مبنی ہے۔ نقصان میں کمی اور نیٹ ورک اینڈ سیفٹی کو بڑھانے کے اقدامات میں اضافہ کرتے ہوئے، کمپنی نے ایڈوانسڈ میٹرنگ انفرااسٹرکچر (AMI) متعارف کروایا ہے اور اسمارٹ میٹرز، PMT اور بڑے صنعتی صارفین کی سطح پر نصب کیے ہیں تاکہ انرجی مینجمنٹ کو بہتر بنایا جا سکے۔

اس کے علاوہ، صارف مرکزیت کے اپنے مقصد سے ہم آہنگ رہتے ہوئے کمپنی نے اضافی آن لائن ادائیگی کے ذرائع ممکن بنائے ہیں جن میں آن لائن بینکنگ چینلز اور دیگر ڈیجیٹل پارٹنرز جیسے ایزی پیسہ اور جاز کیش شامل ہیں اور بائیکیا اور Daraz کے ساتھ پارٹنرشپس بھی کی ہیں تاکہ صارفین کیلئے زیادہ سہولیات کو یقینی بنایا جائے جس سے وہ اپنے بلز بروقت اور بنا کسی زحمت کے ادا کرنے کے قابل ہو جائیں۔

ڈائریکٹرز رپورٹ

ہم بورڈ آف ڈائریکٹرز کی طرف سے 30 جون 2021ء کو ختم شدہ سال کے حوالے سے کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مالی کارکردگی

ریونیو/آمدنی

2021: 325,049 ملین روپے
2020: 288,807 ملین روپے
(+12.5%)

EBITDA

2021: 45,867 ملین روپے
2020: 36,684 ملین روپے
(+25.0%)

مجموعی منافع

2021: 59,195 ملین روپے
2020: 43,893 ملین روپے
(+34.9%)

خالص منافع/(نقصان)

2021: 11,998 ملین روپے
2020: (2,959 ملین روپے)
(+14,957 ملین)

آمدن/(نقصان) فی حصص

2021: 0.43 روپے
2020: (0.11 روپے)
(+0.54 روپے)

کُل اثاثہ جات

2021: 835,677 ملین روپے
2020: 703,414 ملین روپے
(+18.8%)

کُل ایکویٹی

2021: 223,952 ملین روپے
2020: 210,658 ملین روپے
(+6.3%)

پی پی ای (PPE)[1] پر ریٹرن

2021: 2.83%
2020: -0.82%
(+3.65pp)

ایکویٹی پر ریٹرن

2021: 5.36%
2020: -1.40%
(+6.76pp)

[1] PPE: پراپرٹی، پلانٹ اور ایکویپمنٹ

مالیاتی جائزہ

سال کے دوران بہتر معاشی اشاریوں اور کمپنی کی جانب سے تقریباً 80.9 بلین روپے کی سرمایہ کاری کی بنا پر کمپنی نے مستحکم کارکردگی کا مظاہرہ کیا اور بجلی کے تقسیم کردہ یونٹس میں 9.6% کا اضافہ ہوا۔ اس کی بڑی وجہ صنعتی شعبے میں ترقی جو کہ بہتر معاشی اشاریوں، کووڈ-19 لاک ڈاؤن کے بعد معاشی سرگرمیوں کی بحالی اور سازگار حکومتی پالیسیز کی وجہ سے ممکن ہوئی۔ مزید یہ کہ کمپنی کی طرف سے بجلی کی ترسیل اور تقسیم کے نقصان (T&D Losess) کو کم کرنے کیلئے اُٹھائے جانے والے اقدامات کی وجہ سے مالی سال 2020ء کے ترسیل اور تقسیم کے نقصان 19.7% سے کم ہو کر مالی سال 2021ء میں 17.5% ہو گئے۔ ان تمام عوامل کی وجہ سے کمپنی کا مجموعی منافع گزشتہ مالی سال کے مقابلے میں 35% سے بڑھ گیا۔

مزید یہ کہ اس عرصے کیلئے فنانس کوسٹ پچھلے سال سے تقریباً 34% کم ہوگئی۔ اس کی بڑی وجہ KIBOR ریٹس میں کمی تھی جس کے نتیجے میں کمپنی کیلئے قرضوں کی اوسط لاگت تقریباً 5% کم ہوگئی جس سے منافع میں 5 ارب روپے کا اضافہ ہوا۔ تاہم، زیرِ التوا حکومتی وصولیوں اور ٹیرف ایڈجسٹمنٹ میں تاخیر کا براہِ راست اثر کمپنی کی لیکویڈیٹی پوزیشن پر پڑا اور نتیجتاً ورکنگ کیپٹل کی ضروریات کو پورا کرنے کیلئے قرضوں کی سطح بلند ہوگئی۔ کمپنی حکومت پاکستان اور دیگر متعلقہ اسٹیک ہولڈرز کے ساتھ اس مسئلے کے خوشگوار حل کیلئے مسلسل رابطے میں ہے۔

آپریشنل کارکردگی اور ویلیو چین میں مسلسل سرمایہ کاری

متعدد چیلنجز کے باوجود اپنے صارفین کیلئے محفوظ ترسیل اور قابلِ اعتماد بجلی کی فراہمی کے اپنے مقصد سے ہم آہنگ رہتے ہوئے کمپنی نے نجکاری سے اب تک پوری انرجی ویلیو چین میں 3.8 ارب امریکی ڈالر سے زائد کی سرمایہ کاری کی ہے، نتیجتاً KE کی خدمات کے دائرۂ کار میں آنے والے 75% سے زائد علاقوں بشمول صنعتوں میں 100% تک لوڈ شیڈنگ ختم کر دی گئی ہے، جنریشن فلیٹ میں 25% بہتری آئی، T&D نقصانات میں 16.7% کی کمی اور تمام کلیدی عوامل میں بہتری آئی۔

کراچی کو پاور سرپلس پوزیشن میں لانے کے وژن کے ساتھ نیٹ ورک کے استحکام اور خدمات کو مزید بہتر بنانے کے مقصد کے ساتھ، بجلی کی بڑھتی ہوئی مانگ کو پورا کرنے کیلئے KE اپنے جنریشن فلیٹ اور بیرونی ذرائع میں اضافہ کرکے کارکردگی میں بہتری اور بجلی فراہمی کی گنجائش میں اضافے کیلئے مسلسل سرگرم ہے۔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پروکسی فارم

111 واں سالانہ اجلاسِ عام

میں/ہم __________ ساکن __________ بحیثیت ممبر کے-الیکٹرک لمیٹڈ
مسمی/مسمات __________ ساکن __________ یا غیر حاضری کی صورت میں
مسمی/مسمات __________ ساکن __________ کو بطور مختار (پروکسی) مقرر
کرتا/کرتی ہوں تاکہ وہ میری/ہماری جگہ اور میری/ہماری طرف سے کمپنی کے اجلاسِ عام میں جو کہ بذریعہ ویڈیو لنک بروز **بدھ بتاریخ 13 اکتوبر 2021ء** صبح 10:30 بجے منعقد ہو رہا ہے یا اس کے ملتوی شدہ اجلاس میں شرکت کر سکیں اور ووٹ ڈال سکیں۔

حصص کی تعداد __________

شیئر ہولڈر کا فولیو/اکاؤنٹ نمبر __________

مناسب قیمت کا ریونیو اسٹامپ

قومی شناختی کارڈ نمبر __________

دستخط __________

حاملِ پروکسی کا فولیو/اکاؤنٹ نمبر __________

حاملِ پروکسی کا قومی شناختی کارڈ نمبر __________

دستخط __________

1. گواہ: __________
دستخط: __________
نام: __________
قومی شناختی کارڈ نمبر: __________
پتہ: __________

2. گواہ: __________
دستخط: __________
نام: __________
قومی شناختی کارڈ نمبر: __________
پتہ: __________

نوٹ:

1. نمائندے کو فعال بنانے کیلئے نامزدگی کا فارم میٹنگ کے مقررہ وقت سے کم از کم 48 گھنٹے قبل CDC شیئر رجسٹرار CDC ہاؤس، B-99، بلاک-B، ایس ایم سی ایچ ایس، مین شاہراہِ فیصل پر وصول ہونا چاہیے۔ نامزدگی فارم کی اسکین کاپی ہمیں ای میل **cdcsr@cdcsrsl.com** پر بھیج سکتے ہیں۔
2. پروکسی لازمی طور پر اس شخص کو مقرر کیا جائے گا جو کہ اس **کمپنی کا ممبر** ہو سوائے کمپنیز کی صورت میں کہ جہاں یہ پروکسی اس کے کسی ملازم کو بھی نامزد کیا جا سکتا ہے جس کیلئے تصدیق شدہ مختار نامے یا بورڈ کی قرارداد کی نقل پروکسی (نائب) کی تقرری کے سلسلے میں لازمی منسلک کی جائے گی۔
3. اگر یہ پروکسی سی ڈی سی کا بینیفشری اونر ہے تو اس کے **قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل** لازمی طور پر منسلک کی جائے گی۔
4. یہ پروکسی (نائب) اجلاسِ عام کے وقت **اپنا اصل جائز العمل قومی شناختی کارڈ یا پاسپورٹ** لازمی پیش کرے گا۔
5. اگر کوئی ممبر ایک سے زیادہ پروکسی اور انسٹرومنٹ آف پروکسی کمپنی کے پاس کسی ممبر کی جانب سے جمع کرواتا ہے تو ایسے تمام انسٹرومنٹس آف **پروکسی عمل درآمد کیلئے ناجائز** قرار دیے جائیں گے۔

No postage necessary if mailed in Pakistan

If undelivered, please return to:

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

Form of Proxy

111TH Annual General Meeting

I/We____of_______________________

___________ being a member(s) of **K-Electric Limited**, hereby appoint Mr____________________

________________________________ of _____________________________, or failing him/her

Mr.__________________________ of _______________________ as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held virtually via video link facility at 10.30 am on **October 13, 2021** or at any adjournment thereof.

As witness given under my/our hand(s) this __________ day of _____ 2021.

Shares Held ____

Shareholder's Folio/Account # ______________________________________

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

Affix revenue stamp of appropriate value

Signature ____

Proxy Holder's Folio/Account # ______________________________________

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

Signature ____

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

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

Note:

1. Duly completed forms of proxy must be deposited with the Share Registrar at CDC Share Registrar CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahrah-e-Faisal, Karachi no later than 48 hours before the time fixed for the meeting. Scanned copy of Proxy Form may be emailed to us at **cdcsr@cdcsrsl.com**
2. Proxy must be given to a person who is a **member of the Company**, except in the case of Companies where the proxy may be given to any of its employee for which certified true copy of Power of Attorney and/or Board Resolution with regard to appointment of proxy should be attached.
3. In case the proxy is the beneficial owner of CDC, **an attested copy of his/her CNIC** or Passport must be enclosed.
4. The proxy shall produce **his/her valid ORIGINAL CNIC or ORIGINAL passport** at the time of the meeting.
5. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of **proxy shall be rendered invalid.**

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

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KE House, 39-B, Sunset Boulevard, Phase II [Ext], DHA, Karachi, Pakistan.
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