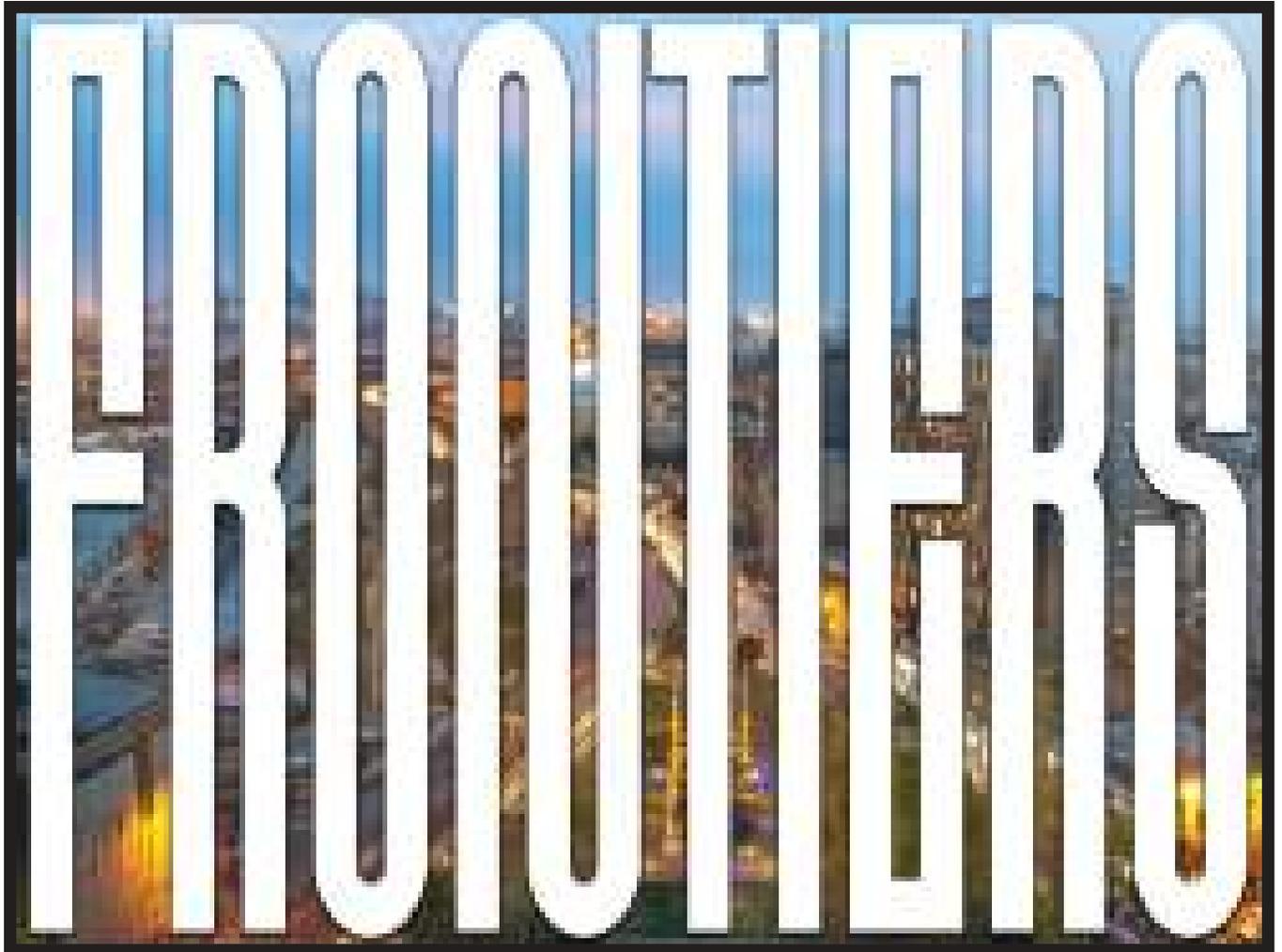


**NEW**



ANNUAL REPORT  
2022



# ABOUT THE REPORT

There has never been a more pertinent time to place climate change at the heart and center of policy formation. As Pakistan's power sector poises for transformation, there is enhanced focus on ramping up renewables, prioritising the shift towards indigenous fuels and their efficient use as key enablers of affordable and reliable power for all. The sector's transformation must be underpinned by evolution of customer expectations and Pakistan's industrial growth ambitions. Innovation in the power space must be nurtured and digitalisation prioritized.

With its 900 MW RLNG power plant at Karachi's industrial growth center under testing and commissioning, the launching of K-Solar - a subsidiary to support the solar transition, an ambitious renewable strategy encapsulating solar, wind and hydel and a dedicated focus towards embedding innovation and technology into its operations, KE is well-positioned to explore the opportunities opening up within the power sector. The progress made in the current year is a prelude to a future that is undoubtedly exciting and promising.

This Report encapsulates the strategic vision and performance building initiatives as well as details regarding KE's external & internal environment, business, value created for customers, future strategy, risk management and corporate governance framework. The report also incorporates information pertaining to its Corporate Social Responsibility, community building projects and health and safety programs.

Link to the report:

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/>

CEO, K-Electric, speaks about the Company's annual financial performance



Scan QR code  
to view under Material  
Information/Announcement



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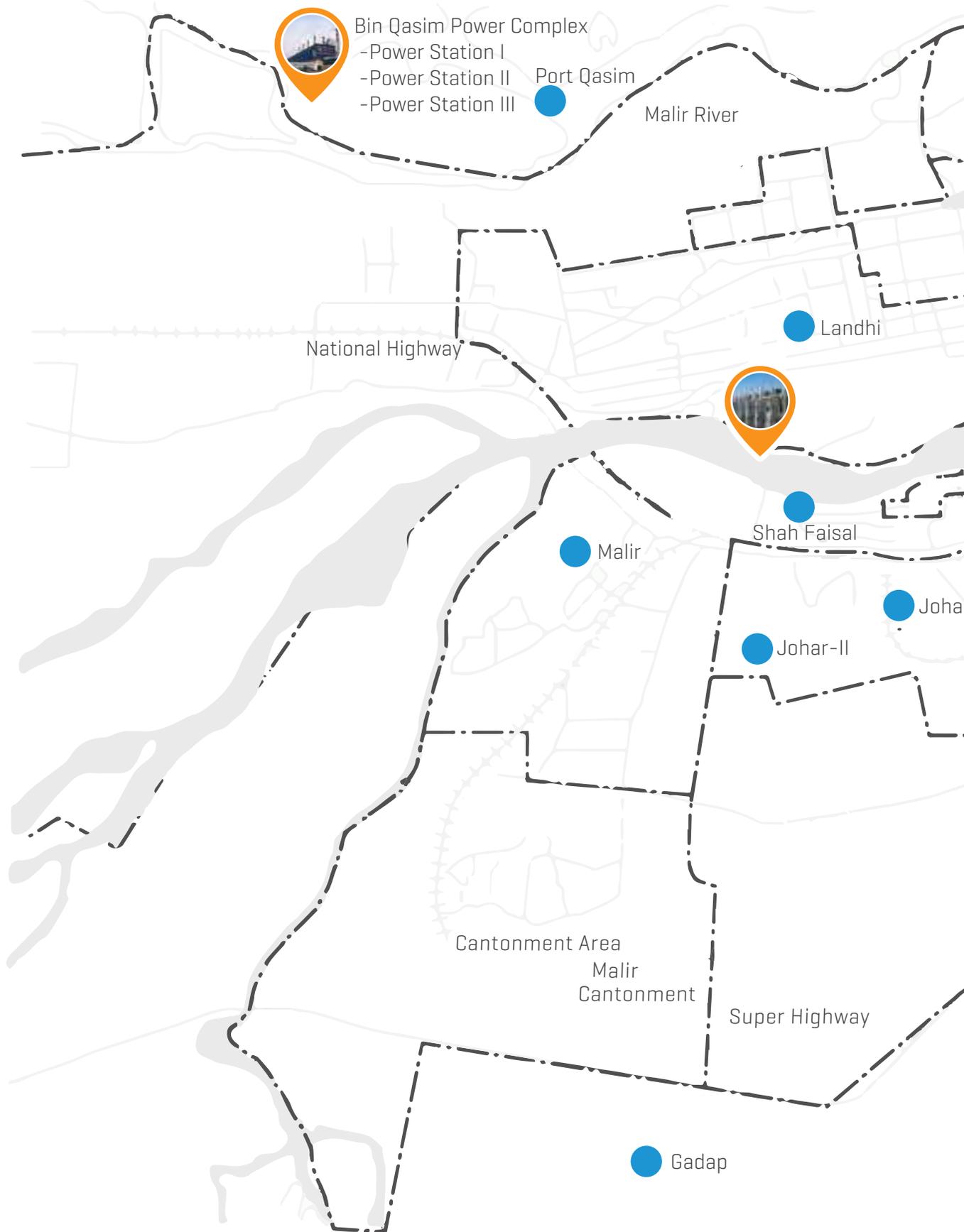
# COMPANY PROFILE

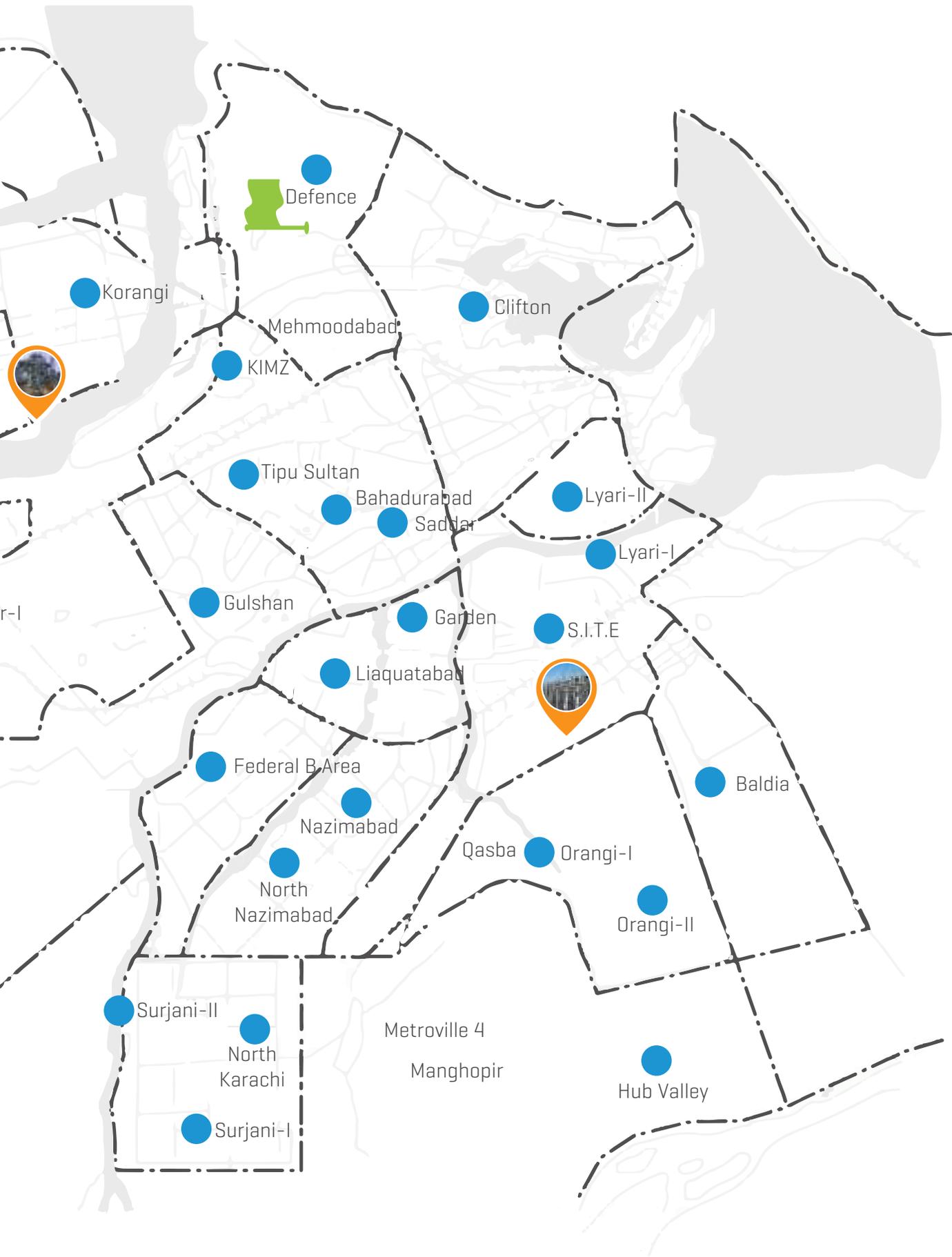
Established in 1913 as Karachi Electric Supply Corporation, K-Electric Limited has been meeting the power requirements of Karachi for over 100 years. The Company was privatized in 2005, which was the start of a new era for Karachi, its surroundings and the organization itself. In line with its progressive objectives, the Company rebranded itself to "K-Electric Limited" (KE) in 2014. As the only vertically integrated power utility in Pakistan, the Company's strategic focus has always been on value creation for its stakeholders and delivering the best quality services to Karachi and its adjoining areas. KE has planned investments and expansion to continue its journey of growing with the city it serves. With an eye on the future and growing power requirements of the city, KE aims to be an example of regional and global excellence in energy provision and management.

## Company Holding Structure

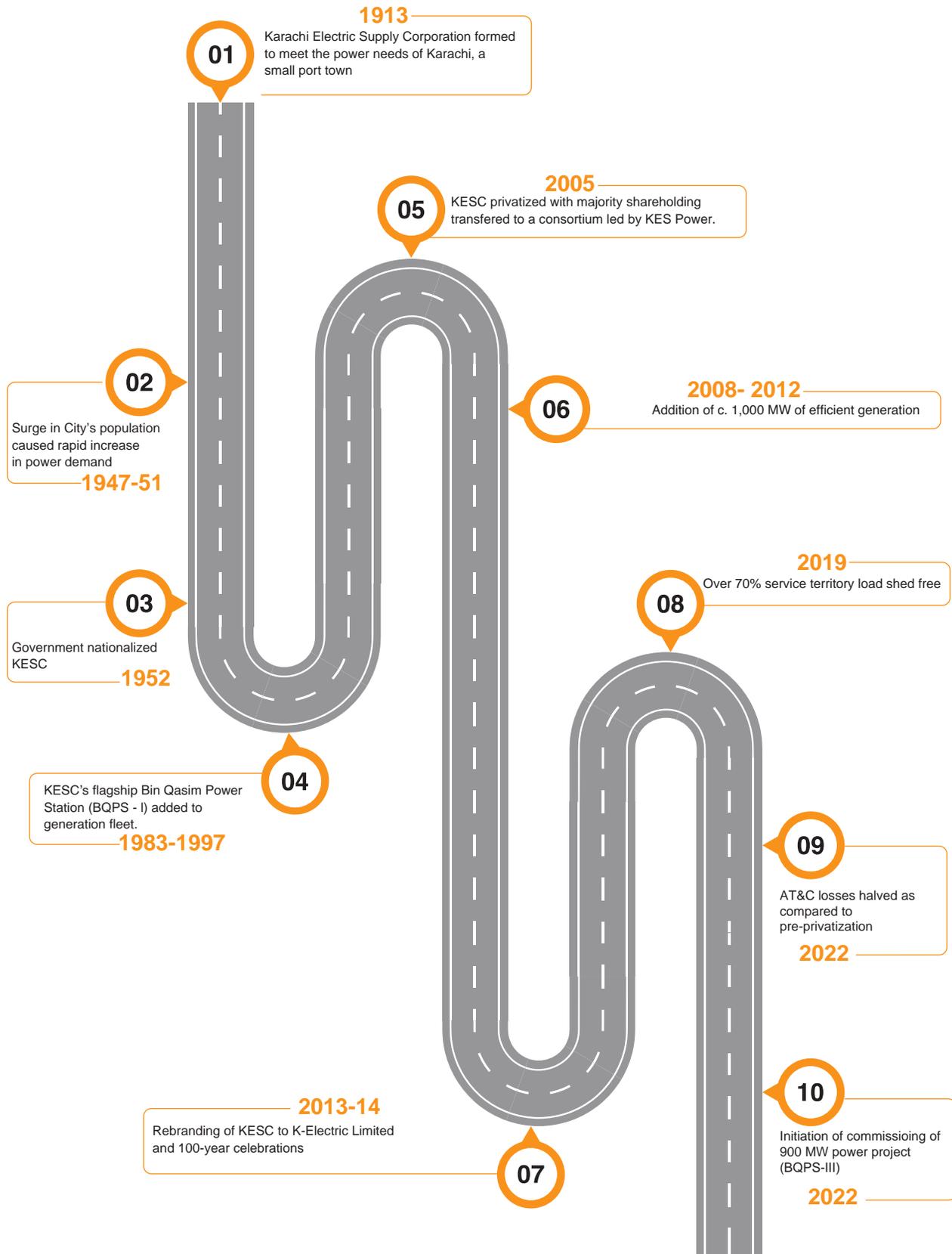


# OUR SERVICE AREA





# A RICH HERITAGE



And the story continues ...

# COMPANY INFORMATION

As at September 20, 2022

## Board of Directors (BOD)

Mark Gerard Skelton	Chairman
Syed Moonis Abdullah Alvi	Chief Executive Officer
Adeeb Ahmad	
Arshad Majeed Mohmand	
Boudewijn Clemens Wentink	
Ch. Khaqan Saadullah Khan	
Dr Imran Ullah Khan	
Mubasher H. Sheikh	
Muhammad Kamran Kamal	
Muhammad Zubair Motiwala	
Saad Amanullah Khan	
Sadia Khuram	
Shan A. Ashary	

## Board Audit Committee (BAC)

Saad Amanullah Khan	Chairman
Ch. Khaqan Saadullah Khan	Member
Dr Imran Ullah Khan	Member
Mark Gerard Skelton	Member
Mubasher H. Sheikh	Member
Sadia Khuram	Member

## Board Human Resource & Remuneration Committee (BHR&RC)

Saad Amanullah Khan	Chairman
Ch. Khaqan Saadullah Khan	Member
Mark Gerard Skelton	Member
Muhammad Zubair Motiwala	Member
Shan A. Ashary	Member
Syed Moonis Abdullah Alvi, CEO	Member

## Board Finance Committee (BFC)

Adeeb Ahmad	Member
Ch. Khaqan Saadullah Khan	Member
Mubasher H. Sheikh	Member
Muhammad Kamran Kamal	Member

## Board Strategy & Projects Committee (BS&PC)

Adeeb Ahmad	Chairman
Arshad Majeed Mohmand	Member
Ch. Khaqan Saadullah Khan	Member
Mark Gerard Skelton	Member
Muhammad Kamran Kamal	Member
Shan A. Ashary	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 Adviser

Messrs Abid S. Zuberi & Co.

## External Auditors

Messrs A.F. Ferguson & Co.

## Share Registrar

CDC Share Registrar Services Limited (CDCSRSL)  
CDC House, 99-B, Block "B", SMCHS,  
Main Shahrah-e-Faisal, Karachi.  
Telephone : +92-21-111-111-500

## Bankers

AKA Ausfuhrkredit -Gesellschaft m.b.H.  
Al Baraka Bank (Pakistan) Limited  
Allied Bank Limited  
Askari Bank Limited  
Bank Al Habib Limited  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Bank of China Limited, Shanghai Branch  
Bank of Punjab  
China Bohai Bank co. LTD. Tianjin Branch  
China Citic Bank Corporation Limited, Harbin Br.  
China Construction Bank Corporation, Heilongjiang Branch (CCB Heilongjiang)  
Credit Suisse AG  
Deutsche Bank AG  
Deutsche Bank Aktiengesellschaft, Filiale Hong Kong  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
First Women Bank Limited  
Habib Bank Limited  
Industrial & Commercial Bank of China  
JS Bank Limited  
MCB Bank Limited  
MCB Islamic Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Nederlandse Financierings - Maatschappij Voor Ontwikkelingslanden N.V.  
Pak Brunei Investment Company Limited  
Pak China Investment Company Limited  
Pak Kuwait Investment Company Limited  
Samba Bank Limited  
Société de Promotion et de Participation pour la Coopération Economique  
Soneri Bank Limited  
Standard Chartered Bank (Dubai International Financial Centre Branch)  
Standard Chartered Bank (Pakistan) Limited  
Standard Chartered Bank (UK)  
Summit Bank Limited  
United Bank Limited

## Registered Office

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

## Follow Us

www.ke.com.pk

UAN: +92-21-111-537-211



\*Resigned on August 15, 2022



# Vision

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



# Mission

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



# Culture and Ethics

K-Electric inculcates a positive environment and culture for all of its employees, through the embodiment of its core values, competencies and principles. Our emphasis is on ensuring the highest standards of transparency and integrity to maximize stakeholders' values, in accordance to the best practices in the industry.

The management ensures strict compliance against the set standards and guidelines of the organization and focuses on instilling accountability within each individual for adherence to cultural norms.

# 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.

**C**

## ustomer-centric

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

**A**

## ccountable

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

**R**

## espectful

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

**E**

## nergised

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

**S**

## afe

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



# CHAIRMAN'S MESSAGE & REVIEW

I am pleased to present to you the financial statements of K-Electric Limited for the financial year ended June 30, 2022.

Global increase in fuel prices, economic instability and weak macroeconomic indicators such as downgraded country ratings coupled with extreme currency devaluation have negatively impacted the energy sector in Pakistan especially in the last quarter of FY 2022. Similar to the rest of the world, the Company is adjusting to its new bearings after surviving a pandemic. The power sector in Pakistan is exposed to circular debt issues, however, it is encouraging to see efforts at Government and Regulatory front being taken to help alleviate the matter. The exponential increase in fuel and borrowing costs resulted in a heavy cost push impact nationwide on all industries particularly the power sector. All these unfavourable movement in macro-economic factors coupled with deteriorating consumer propensity to pay impacted Company's financial performance during the current year.

The management of the Company has delivered well given the challenging environment, applying the finest methodologies to implement Organization's long-term strategic goals and taken proactive measures to mitigate risks it is exposed to. Premier focus remained on the commitment to serve wherein, considerable efforts have been demonstrated on the digitalization front paving its way towards customer-centricity. It is heartening to see the Company's focus on implementing the best global safety practices in the workplace to ensure a safe and healthy work environment and beyond.

Subsequent to the financial year end, a new Board of Directors was elected. I would like to take this opportunity to thank the outgoing distinguished Board members for their engagement and valuable contributions to the organization and wish them all the best in their future endeavors. I welcome the new members on the Board and look forward to their support in taking the company to new heights and strengthening stakeholder value.



On behalf of the Board, I would like to express our gratitude to the stakeholders of K-Electric for their continued support which helped the Company to progress. Together we remain committed to implement the highest standards of business ethics and look to the future with confidence and perseverance.

*Mark Skelton*

**Mark Gerard Skelton**  
Chairman, K-Electric Limited

September 20, 2022  
Karachi

# CEO'S MESSAGE



Let me begin by stating what a privilege it is to be leading K-Electric – an iconic and purpose-driven organization that continues to empower and rise to the challenges of an exciting future – a future where new frontiers are waiting to be explored. As we move forward, we look back at a year of sustained investments in strengthening our service levels and positioning ourselves for the opportunities ahead.

During FY 2022, we have sustainably grown our business by over 200,000 new connections. At the same time our community investments and technological upgrades under Project Sarbulandi have enabled us to bring down T&D losses from 17.5% to 15.3%. Additionally, with a focus on customer-centricity and to enhance customer facilitation, the Company has expanded its Customer Facilitation Centre (CFC) to eighteen locations citywide. Cognizant of the impact of increasing inflation on customers, KE has partnered with financial entities to provide eased payment options; in addition we continue to support troubled customers through rebates and installments. Technical service levels too have ramped up on the back of aggressive maintenance and governance initiatives including Automated Meter Reading and Arc FM which was made live in December 2021 for improved reporting and analysis. Digitisation and customer

proximity are at the heart of our customer-centricity imperative; In addition to growing our online billing and payment solutions, we have expanded beyond KE Live App to our customers' most favoured communication medium – WhatsApp, becoming the first company in the power sector to deploy this solution and becoming a success story for stellar uptake with over 400,000 registered customers to date.

During the year, synchronization of first unit of combined cycle and base load test operations of 900 MW RLNG-fired power project (BQPS-III) was initiated. It is to be further added that during the tests being performed by the Project Contractor(s) as part of its commissioning, machine of Unit 1 of 900 MW plant tripped. The team of global experts have started the rehabilitation works to resolve the issue on priority. Work on the second unit is also progressing swiftly under the expertise of our project partners Siemens and Harbin Energy, and the completion of 900 MW RLNG-fired power project would enable KE to meet the power demand for summer of FY 2023. Located at the heart of the Bin Qasim, the country's fastest growing industrial zone, BQPS-III will be one of the top five most energy efficient power plants in Pakistan. Alongside base-load generation additions, we are also aggressively pursuing our ambition to achieve 30% renewable generation mix by 2030 through wind, solar and hydel power projects. Building the capacity to evacuate power and meet the growing demand requires sustained investments in grids and interconnection infrastructure including KE's first-ever 500kv network.

Throughout the year, the Company has also focused extensively on Safety for our staff and stakeholders. From training programs to governance mechanisms, a robust and multi-pronged Zero Accident vision continues to drive operations across the length and breadth of our operations. This year, 12,189 man-hours of training were conducted as the Company adopted the globally recognized DuPont Project Safety Management (PSM) framework.

The Roshni Bajji program is another community initiative to spread messages of electrical safety in vulnerable

communities but has also enabled us to get closer to our customer base and service their power needs at their doorstep. Thus far, the Roshni Bajis' have connected with 356,304 households. I am delighted to share that this program also won the prestigious S&P Platts Global Energy Awards - the Oscars of the Energy sector - as a Diversity initiative that created impact on business and communities, making KE the first Pakistani entity to receive the honour. KE also signed a Memorandum of Understanding (MoU) to enlist in the United Nations Global Compact (UNGC) towards embedding sustainability in our core operations. The company is committed to embed a robust Environmental, Social, Governance (ESG) strategy for sustainable value creation.

In pursuit to further our operational improvements, we embarked upon our Operational Excellence program that delivered benefits in terms of cost optimization and the company is committed to continue the same going forward.

Cognizant of the possible risks and to effectively manage them, the Company has also implemented a robust Enterprise Risk Management (ERM) Framework in line with best practices. This would enable timely identification and proactive management of key risks that may substantially affect the company's ability to preserve and enhance shareholders' value.

Globally, the post-pandemic economic recovery has been hampered by the global fuel crisis and its impact on input costs. For KE, this operational challenge is further exacerbated by mounting delays in the release of Tariff Differential Subsidies (TDS) claims and significantly reduced supplies of indigenous fuel resources. As consequences of both these issues go beyond KE's performance and threaten to compromise availability of affordable and reliable power for customers, we have escalated this to all relevant stakeholders with an appeal for immediate resolution in public interest. Additionally, amidst Pakistan's economic instability and declining rupee value particularly over the last quarter of the financial year, the cost of borrowing for the Company witnessed a surge, resultantly impacting the Company's profitability. Despite significant investment and operational improvements resulting in annual savings of around PKR 170 billion for consumers and the national exchequer in the form of reduction in losses and improvement in generation fleet efficiency, our Return on Equity (RoE) was 3.4% for FY 2022.

Our best efforts continue to contain the rising cost of producing electricity while managing sustainable supply to all areas of coverage. We have undertaken various initiatives to support this, including a company-wide austerity drive and robust energy conservation initiatives and we continue to engage with all stakeholders for equitable resolution to pending issues.

Our combined efforts aim to deliver value to our shareholders and I would like to express my gratitude to our employees and stakeholders for their unrelenting support to KE. Their resilience and support helped this organization hold steadfast and expand its horizons to new frontiers.

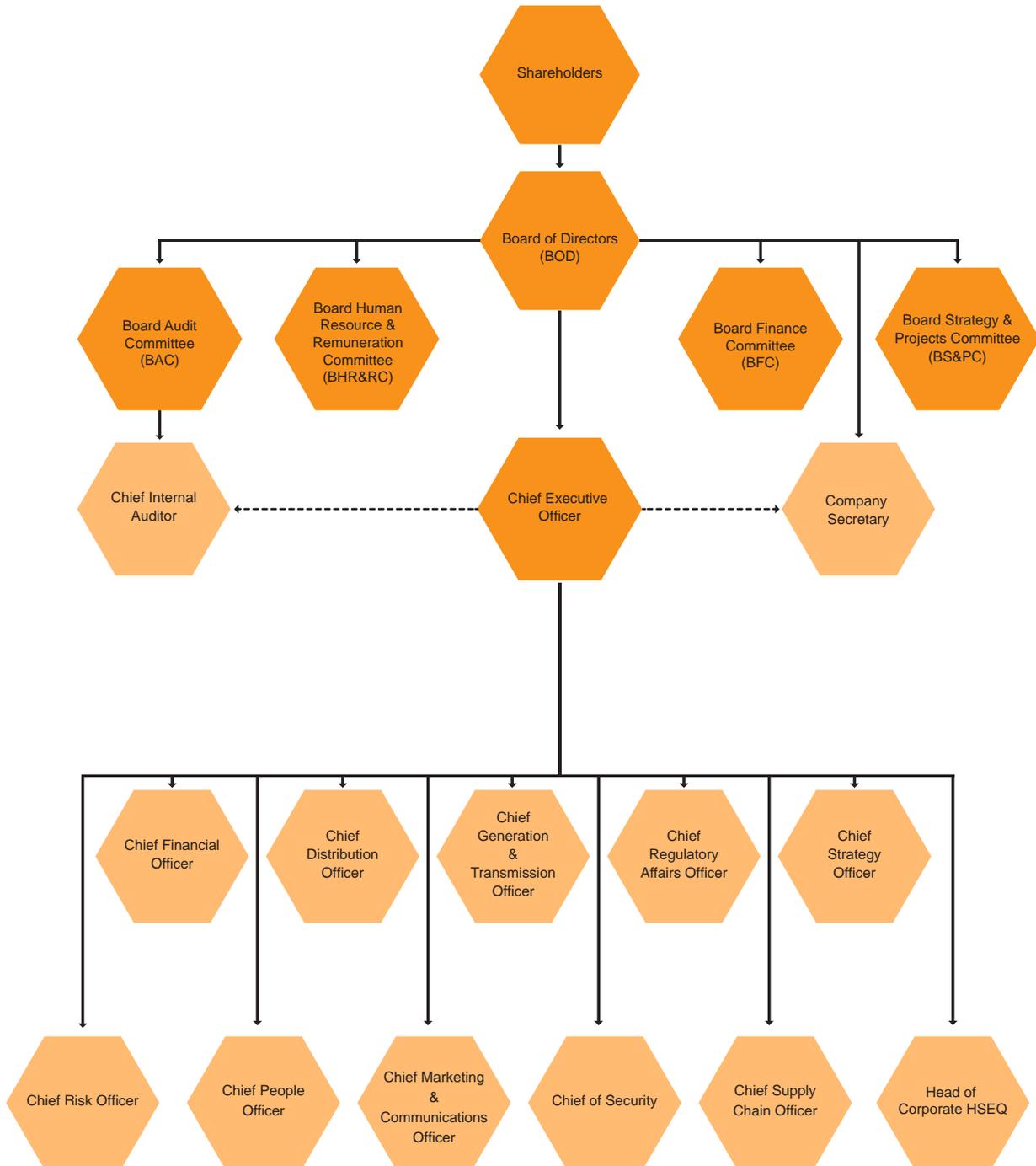


**Syed Moonis Abdullah Alvi**  
Chief Executive Officer, K-Electric Limited

September 20, 2022  
Karachi

# ORGANISATIONAL STRUCTURE

Legend  
 — Reporting line  
 - - - Functional reporting line



# BOARD OF DIRECTORS' PROFILES



**MARK GERARD SKELTON**  
Chairman

Mark Skelton is a Managing Director with Alvarez & Marsal's (A&M) Advisory practice in London. He brings more than 20 years of experience in corporate finance and advisory. His primary areas of concentration are cross border assignments crossing different legal jurisdictions and waterfall classes. Mr. Skelton has undertaken senior roles on numerous major UK, US, European, Emerging Markets, and Australian projects. Prior to joining A&M, Mr. Skelton held senior positions in a leading independent restructuring advisory and a Big 4 firm. Mr. Skelton is a member of the Institute of Chartered Accountants of Australia and New Zealand (CAANZ).



**SYED MOONIS ABDULLAH ALVI**  
Chief Executive Officer

Mr Moonis Alvi was appointed CEO of KE in June 2018, after serving the company in key roles – CFO, Company Secretary, Head of Treasury. Mr Alvi has led the Company through a business transformation emphasizing digitization 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 plants on the basis of efficiency. Passionate about enabling diversity and inclusion at KE, he has championed many of KE's flagship diversity initiatives including the global award-winning Roshni Baji program which also won the S&P Global Energy Award. Under his leadership KE was recognized by Pakistan Business Council and IFC and awarded the Gender Diversity Employer of Choice Award. His journey with K-Electric started 14 years ago in 2008. 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, including C-suite positions across organizations 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, 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. 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. He also serves as a Board Member of Al-Shaheer Corporation Ltd.



**ARSHAD MAJEED MOHMAND**  
Non Executive Director

Mr. Arshad Majeed was elected on KE Board of Directors on 29 July 2022. He is a civil servant and currently posted as Additional Secretary, Power Division, Ministry of Energy, Government of Pakistan. He is also serving on the Board Directors of National Power Parks Management Company (Private) Limited. He carries 25 years of experience and knowledge in public policy formulation and implementation. He completed his Masters' in Political Science.



**BOUDEWIJN CLEMENS WENTINK**  
Non Executive Director

Mr. Boudewijn Clemens Wentink is the Managing Director of Foundation Getronics Belgium which is an Amsterdam-based information and communication technology firm. He is Non-Executive Director of Royal IHC where he played an active role in restructuring as one of the two members of the Supervisory Board's M&A Committee, Chairman of the Audit Committee and Investment Committee. Mr Wentink is also the Managing Director of Waterval B.V. (Royal IMTECH). He is Chairman and Non-Executive Director of Intertoys Holding B.V.; Office holder of The Enterprise Chamber of the Amsterdam Court of Appeal; and, Non-Executive Director of ASA Resource Group PLC. He has remained Member of Management Board at Fortuna Entertainment Group N.V.; CEO and Executive Director of Avocet Mining PLC; Finance Director and Executive Director of New World Resources PLC; Chief Compliance Officer of TNT Express N.V.; Managing Partner of Bosselaar & Strengers; and, Faculty of Law Lecturer at Erasmus University. He has a Master of Law Degree in Dutch Private Law from the Erasmus University, Netherlands and has undergone various courses in the field of international and national corporate and commercial law.



**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, 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. He is also a Member of the Board of Directors of Cinepax Limited.



**DR. IMRAN ULLAH KHAN**  
Non Executive Director

Dr Imran Ullah Khan is currently serving as Joint Secretary (Corporate Finance), Finance Division, Government of Pakistan. He joined national Civil Service in the year 2001 and during his career, he has remained Deputy Secretary Finance Division, Deputy Secretary Ministry of Textile Industry and Deputy Secretary (Education). He earned a Doctorate in International Development Studies from National Graduate Institute for Policy Studies, Tokyo (Japan). Dr Khan holds a Masters Degree in International Development Studies from National Graduate Institute for Policy Studies, Tokyo (Japan). Dr Khan is currently serving as a Director on the Boards of Utility Stores Corporation, Pakistan Agriculture Storage and Services Organization, Pakistan Steel Mills, Trading Corporation of Pakistan, Pakistan Industrial Development Corporation, Sui Southern Gas Company and Diamer-Basha Development Company.



**MUBASHER H. SHEIKH**  
Non Executive Director

Mr. Mubasher H. Sheikh has been a Non-Executive Director of the Company since its privatization in November 2005. He joined the National Industries Group (Holding), Kuwait, in 2001 and is currently the 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).



**MUHAMMAD KAMRAN KAMAL**  
Non Executive Director

Mr. Kamran Kamal is the CEO of The Hub Power Company Limited. He has over 20 years of experience working on various projects of national importance including the Sindh Engro Coal Mining Company's (SECMC) mining and power generation projects, China Power Hub Generation Company's imported Coal project with an integrated jetty, Thar Energy & Thal Nova local coal projects as well as leading a regional energy & agricultural commodities trading business. Kamran has deep understanding of Pakistan's Power Market and regulatory affairs. Kamran holds a Masters' degree in Public Policy from Harvard Kennedy School and a Bachelors' degree in Electrical & Computer Engineering from the Georgia Institute of Technology.



**MUHAMMAD ZUBAIR  
MOTIWALA**  
Non Executive Director

Mr. Motiwala, an industrialist by profession was elected as the President Karachi Chamber of Commerce & Industry for the period 2000-2001. He was Former Chairman Sindh Board of Investment from July 2011 to October 2013. He was Advisor to Chief Minister Sindh on Investment from January 2009 to July 2011. He was appointed as Special Assistant to Chief Minister Sindh (Minister Status) for affairs relating to business community from 28 September 2012 till 19 March 2013. He led Pakistan trade delegations for promoting investment in the province of Sindh to China, UAE, Russia, Turkey, Malaysia, Singapore, Korea and various other countries.



**SAAD AMANULLAH KHAN**  
Independent Director

Mr. Saad Amanullah Khan has spent three decades with Procter & Gamble in senior management including seven years as Chief Executive Officer of Gillette Pakistan. Elected twice as President of American Business Council (ABC) and twice on the Board of Directors of Overseas Investors Chamber of Commerce and Industry (OICCI). Currently, he is the Chairman of Public Interest Law Association of Pakistan, President of I AM KARACHI and Chairman of Pakistan Innovation Foundation, director/partner in CTM360 (Cyber Threat Management) and joint owner of Big Thick Burgerz restaurants. He is also a Director on the boards of Fauji Fertilizer Corporation, NBP Funds, Jaffer Brothers, Burque Corporation, International Packaging and ZIL Limited. Previously on the Board of PSX and State Life Insurance Corporation, Saad holds two engineering degrees (Systems Engineering and Computer Science Engineering) and an MBA from The University of Michigan, USA.



**SADIA KHURAM**  
Non Executive Director

In her 20-year career, Ms. Sadia Khuram has worked in leading Pakistani organizations (Paktel, Mobilink and Careem) 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. She is currently also serving as an Independent Director for IESCO and LESCO.



**SHAN A. ASHARY**  
Non Executive Director

Mr. Shan A. Ashary has been a Non-Executive Director of the Company since its privatization 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 boards of several companies in the USA and the Middle East. He is a Fellow of the Institute of Chartered Accountants of England and Wales.

# LEADERSHIP PROFILES



**SYED MOONIS ABDULLAH ALVI**  
Chief Executive Officer

Mr. Moonis Alvi was appointed CEO of KE in June 2018, after serving the company in key roles – CFO, Company Secretary, Head of Treasury. Mr Alvi has led the Company through a business transformation emphasizing digitization 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 plants on the basis of efficiency. Passionate about enabling diversity and inclusion at KE, he has championed many of KE's flagship diversity initiatives including the global award-winning Roshni Baji program which also won the S&P Global Energy Award. Under his leadership KE was recognized by Pakistan Business Council and IFC and awarded the Gender Diversity Employer of Choice Award. His journey with K-Electric started 14 years ago in 2008. 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 ICAP.



**ABBAS HUSAIN**  
Chief Generation & Transmission Officer

Mr. Abbas Husain has over 23 years of experience across public and private sector organisations in areas of power operations & maintenance (O&M), project development, project execution management and business development. Abbas joined KE in 2012 and has served in Generation and Transmission functions as an integral part of KE's corporate turnaround. At KE, his major contributions include establishment of BQPS-II, planning of mega transmission projects, adding 200 MW through 4 IPP projects where KE signed long-term PPAs and BQPS-III (900MW) RLNG combined cycle power plant. Mr. Husain holds a BE (Electrical) degree from NED University.



**AMER ZIA**  
Chief Distribution Officer

KE's Chief Distribution Officer (CDO), Amer has also served as Deputy Chief Operating Officer Distribution and Chief of Distribution Operations, playing a critical role in KE's corporate turnaround. Prior to KE, Amer worked with USAID-Power Distribution Program as Project Lead, held leadership positions with public sector entities including NEPRA and IESCO and served as an independent consultant to the World Bank. With a Master's degree in Electrical Engineering from Bradley University USA, and an MBA in Project Management, Amer brings over thirty years of experience in management of power sector utilities to the organisation.



**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. Aamir joined KE in 2008 and has served in senior roles in Finance and Regulatory Compliance, before taking charge as the Company's Chief Financial Officer in 2018. Aamir is Chairman and Board member of K-Solar, a Company engaged in clean energy solution, and also serves on the Board of KEVCL. Aamir is a Fellow member of ICAP and a Certified Director from the Pakistan Institute of Corporate Governance. He did his Articleship from A.F. Ferguson & Co. (a member firm of PwC global network) and has attended executive management programs from prestigious institutions that includes INSEAD.



**M. IMRAN HUSSAIN QURESHI**  
Chief Regulatory Affairs Officer

Mr. Imran Qureshi has over 30 years of vast experience in leadership roles on the local and international corporate landscape. Before joining KE as Chief Regulatory Affairs Officer in October 2021, Imran has successfully led turnarounds, business advocacy and high impact crisis and reputation management. His career trajectory has included positions as Head of Government Relations at Shell Pakistan Limited, EVP at Pakistan Telecommunications Company Limited (PTCL), Country Manager for South and South-east Asia at Thuraya Satellite Telecommunications Company Ltd Abu Dhabi, UAE. Mr. Qureshi holds a Master's degree in Business Administration from the University of Birmingham (UK), and a Bachelor's degree in Mechanical Engineering from University of Engineering & Technology (UET), Lahore.



**MUHAMMAD RIZWAN DALIA**  
Chief People Officer

Mr. Rizwan Dalia was appointed as Chief People Officer (CPO) in March 2018. He joined KE in 2008, serving in senior roles within the Finance and Corporate Affairs functions and played a key role in KE's turnaround journey. As CPO he has led HR's transformation into an efficient enabler for people and business. Rizwan started his career with A. F. Ferguson & Co. (a member firm of PwC global network). He has served at Pakistan State Oil from 2001 to 2007 in the Finance function, is a Fellow of ICAP and a Certified Director from the PICG. He is also a member Board of Governors for PSTD and a member of Executive Committee for PSHRM. He is a frequent speaker at various forums on topics related to HR digitalization and future challenges and is an avid golfer.



**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 has served as the Managing Director of X-Petroleum, Chief Executive Officer of KASB Funds and 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. She has also served on the Boards of several organisations including Shell Pakistan, Pakistan Stock Exchange, Fauji Fertilizer Bin Qasim and UBL Fund Managers. She is also serving as the CEO of KE Venture Capital Limited (KEVCL), a newly established KE subsidiary for diversification initiatives.



**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 KE in 2013 and was leading the Treasury and Corporate Finance function of K-Electric prior to taking up the existing role. Rizwan is a seasoned professional with 30 years of rich and diversified experience. He has been associated with both public and private sectors and has worked within and outside Pakistan in Central Bank, and Utility & Infrastructure sectors in areas of Finance, Risk Management, Financial Planning & Management, Corporate Governance, Corporate Finance and Project Development & Finance. He is a fellow member of ICAP.



**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 last 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.



**SHERAZ KASHIF**  
Chief Supply Chain Officer

Mr. Sheraz Kashif joined KE in 2022, bringing 27 years of global experience as an Integrated Supply Chain leader. He has led teams in Europe, Middle East, Africa, North America and Asia and has a track record of successfully transforming Supply Chain & Procurement systems within organizations to world class benchmarks. A firm believer of developing out of the box solutions and processes that deliver sustainable value to stakeholders, Sheraz brings the experience of working with conglomerates and Fortune 100 companies to lead the function. He has undergone Leadership & Negotiation training at Harvard Business School and holds an MBA from University of Leicester, UK.



**WAHID ASGHAR**  
Chief of Security

Following a 28-year stint in the Pakistan Army, where he retired as Colonel, Mr Wahid Asghar joined KE in 2009 and presently leads the Company's Security, Criminal Litigation, Works & Estate and Administration 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 insight 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.

# CODE OF CONDUCT

The values embedded at KE form the basis of our Code of Conduct and provide the necessary guidelines for our employees. The main aim is to establish an environment of trust and respect, where all stakeholders are encouraged to conduct business in an honest, ethical and transparent manner. Our daily business activities need to reflect compliance and adherence to the Code of Conduct in all manners.

We strongly believe in treating everyone fairly and equally without any discrimination. We also promote diversity and inclusion across the organization and provide equal opportunities of growth for all. Our employees are expected to be mindful of all our ethical standards in all engagements and interactions.

KE ensures an environment free from intimidation and harassment, and places great importance in nurturing a respectful and inclusive workplace. KE and its employees do not give or receive, whether directly or indirectly, bribes or other improper advantages for business or financial gain. KE expects employees and stakeholders to avoid situations where conflict may arise between personal interests and the interests of the Company. KE is committed to the highest possible standards of openness 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 via its Speak Up platforms which ensures anonymity. We expect our employees to report any actual or potential breach of the Code or any KE policies. We strive to maintain a culture in which employees are comfortable in raising concerns and reporting to the concerned authorities.

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



# PERFORMANCE, OUTLOOK AND REVIEW



# KEY HIGHLIGHTS

**USD 4.1 Billion**

Invested Across the Power Value Chain since Privatisation

**PKR 72.416 Billion**

Gross Profit

**PKR 8.524 Billion**

Net Profit

**PKR 41.598 Billion**

EBITDA

**Over 12,500**

PMTs converted to ABC

**6,500 km<sup>2</sup>**

Coverage Area

**3.4 million +**

Customer Accounts

**11,470**

Persons provided access to free health services through health care camps

**1,507 MW**

Added to installed generation capacity since Privatization

**29%**

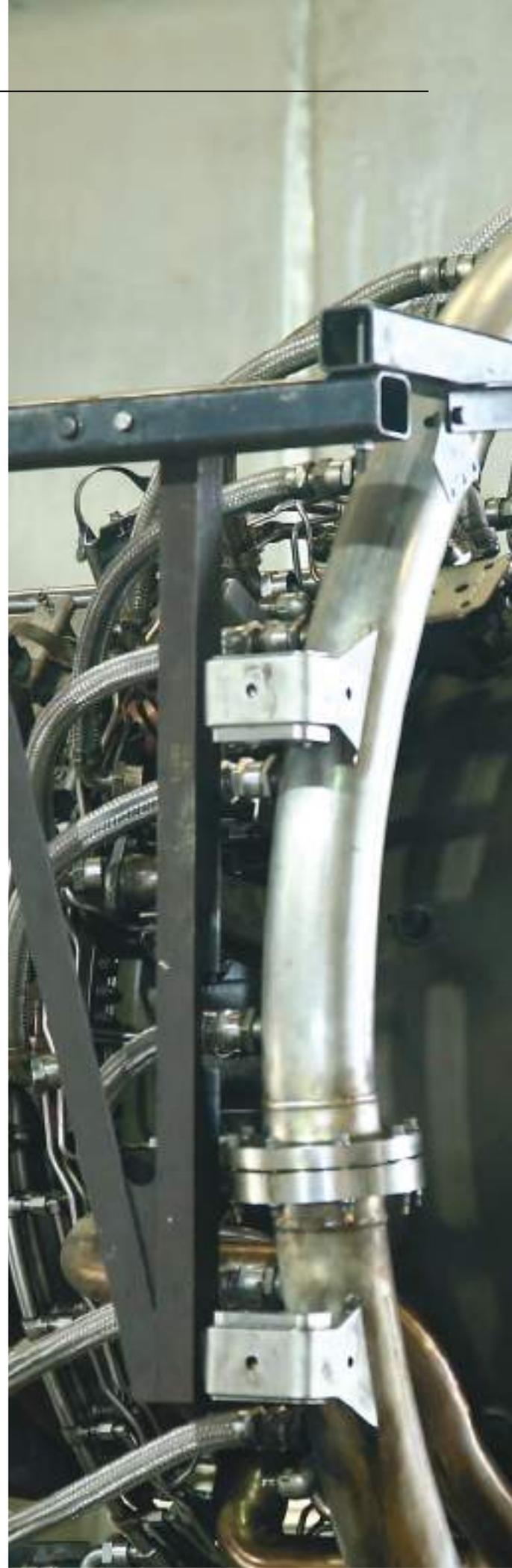
Fleet Efficiency Improvement since Privatization

**18.9%**

Reduction in T&D Losses since Privatization

**9,959**

Total number of employees





# 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, 2022.

## FINANCIAL PERFORMANCE

### REVENUE

2022: Rs. **518,777 Mn** **↑59.6%**  
2021: Rs. **325,049 Mn**

### GROSS PROFIT

2022: Rs. **72,416 Mn** **↑22.3%**  
2021: Rs. **59,195 Mn**

### EBITDA

2022: Rs. **41,598 Mn** **↓9.3%**  
2021: Rs. **45,867 Mn**

### NET PROFIT

2022: Rs. **8,524 Mn** **↓29.0%**  
2021: Rs. **11,998 Mn**

### EARNINGS PER SHARE

2022: Rs. **0.31** **↓0.12**  
2021: Rs. **0.43**

### TOTAL ASSETS

2022: Rs. **1,060,128 Mn** **↑26.9%**  
2021: Rs. **835,677 Mn**

### TOTAL EQUITY

2022: Rs. **250,172 Mn** **↑11.7%**  
2021: Rs. **223,952 Mn**

### RETURN ON PPE<sup>1</sup>

2022: **1.74%** **↓1.09 pp**  
2021: **2.83%**

### RETURN ON EQUITY

2022: **3.41%** **↓1.95 pp**  
2021: **5.36%**

1. Property, Plant & Equipment

## FINANCIAL REVIEW

During the year, despite various challenges including macro-economic environment, the Company invested around PKR 62.8 billion across the power value chain and continued to show positive growth in key operational indicators with reduction of T&D losses from 17.5% to 15.3% and increase in unit sent out by 1.6%. This improved performance was partly set-off due to negative impact of additional PKR 9.5 billion recorded this year on account of Mid Term Review (MTR) decision. Driven by these operational improvements, the Company's gross profit increased by 22% as compared to last year.

However, as a result of one-off adjustments in respect of exchange loss of PKR 9.0 billion owing to devaluation of Pak Rupee and increase in impairment loss by PKR 9.1 billion against doubtful debts due to high inflation, increase in consumer tariff and current economic condition impacting consumers propensity to pay, the EBITDA decreased by 9%.

Further, profit before tax of the Company witnessed a decline of around 63% as compared to last year mainly due to increase in

finance cost by 36%. This was mainly on account of increase in effective rate of borrowing and higher levels of borrowing as compared to last year. Decrease in profit before tax was partially off-set by recognition of deferred tax income on unrealised tax losses, resultantly the Company's net profit decreased by 29% as compared to last year.

## MACROECONOMIC ENVIRONMENT

In the first half of FY 2022, the economy recovered from the adverse socio-economic impacts of the COVID-19 pandemic with economic activity carrying momentum from the last year and witnessed a GDP growth of 5.97% during FY 2022, as reported by the Pakistan Economic Survey 2021-2022.

The last quarter of FY 2022, however, in particular saw material socio-political challenges, both locally and at international front, having a consequential impact on the macro-economic factors. The economic impact has reverberated through multiple channels, including commodity and financial markets and surging inflation and policy rates.

Strong depreciation in the value of the Pakistan Rupee, particularly in the last quarter of the financial year, coupled with unprecedented increase in the price of RLNG and Furnace Oil in the global market, resulted in a significant increase in overall cost of electricity.

In addition to increase in cost of electricity amidst deteriorating consumer propensity to pay due to exorbitantly high inflation, the unfavourable movement in macro-economic factors weighed on Company's Financials also, particularly in the form of exchange loss and increase in finance cost as more fully explained in Section "Financial Review" to this Directors' Report.

We are hopeful that Government will take right measures to stabilize the economy and will have improved economic indicators by June 2023.

## OPERATIONAL PERFORMANCE AND CONTINUED INVESTMENT ACROSS THE VALUE CHAIN

### Generation

During FY 2022, KE was pleased to initiate the synchronization of first unit of combined cycle and base load test operations of 900 MW RLNG-fired power project (BQPS-III). This development also included signing of RLNG Supply Agreement with Pakistan LNG Limited (PLL) and construction of spur pipeline for the supply of gas from Custody Transfer Station to Bin Qasim Complex. It is to be further added that under demonstration period by end of July, outstanding testing was being performed by the Project Contractor(s), during which machine tripped. Root Cause Analysis (RCA) is expected to be shared by OEM in October and meanwhile, Project Contractor(s) have started rehabilitation works on the gas turbine in parallel and its recommissioning is expected in October.

Further, construction works of Unit 2 is also progressing and synchronization with grid is expected by end of September 2022 and base load operation post testing and commissioning will take another 4 to 8 weeks post September 2022.

In addition, during the year, Black Start capability was successfully commissioned at Korangi Combined Cycle Power Plant (KCCPP) which has enabled KE to reduce dependency on IPPs and National Grid, with reduced down time, thus enhancing KE's technical ability to export power to the network.

Further to these key milestones, the Company continued to invest in maintenance activities at its existing generating plants resulting in improved fleet efficiency and reliability.

### Transmission

To manage the growing power demand of the metropolis while ensuring optimal utilization of transmission infrastructure and

reliability in power supply, KE has developed long term transmission expansion plan till FY30.

Considering the surplus capacity scenario in the National Grid, KE is in the process of setting up of new grids and interconnection works which would enable drawl of additional power from the National Grid in addition to 1,100 MW currently being evacuated. In this regard, the process for setting up of new grid at 500kV level is in progress for which land has been acquired. Whereas, the construction of new 220 kV Dhabeji Interconnection is in full swing. Upon completion of these grids and interconnection works, KE will be able to import additional power from the National Grid taking the total drawl to upto 2,050 MW, which will enable KE to manage the demand in upcoming years alongside enhancing system reliability.

During current tariff control period from FY17 to FY22, to provide continued reliable and sustainable power supply to its consumers, KE has enhanced its transmission capacity through addition of 7 grid stations and 42 power transformers along with rehabilitation of existing ones, resulting in net addition of 1,703 MVAs in transmission capacity, taking the total transformation capacity to 6,803 MVAs from 5,100 MVA. Further, 20 new transmission lines have been added in the system during the period which has increased transmission length by 105 km totaling to 1,354 km of the entire network.

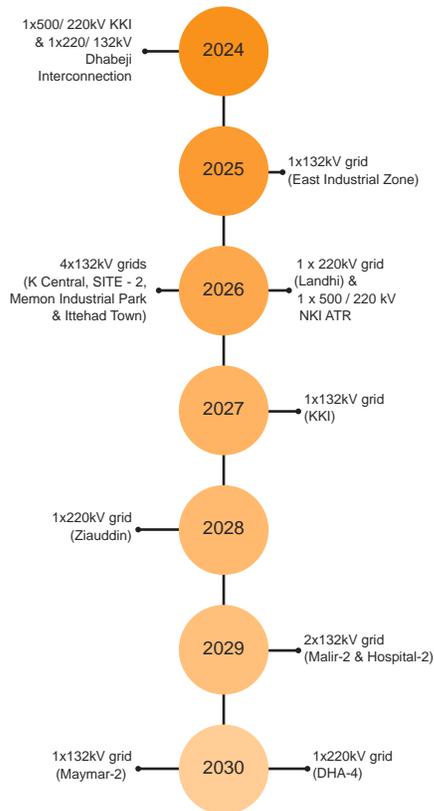
Further, upgradation of transmission infrastructure under BQPS-III project, including augmentation of two critical load grids and 2 interconnection grid stations are in advance stages. KPC and Landhi Grids are energized whereas work is in progress at Qayyumabad and ICI grids.

In addition to the aforementioned projects, enhancement in both, Hybrid Insulated Switchgear (HIS) and Gas Insulated Switchgear (GIS) grid stations through addition of power transformers, 132kV bays and allied MV switchgears is being carried out. The project will cater the upcoming load growth as well as manage the organic demand and industrial growth. Projects including reconductoring of transmission lines and RTV coating of insulators are in progress that aim to improve system reliability.

Moreover, under the next tariff control period, KE is planning to expand the Transmission infrastructure by addition of Three (3) new 220kV grids and eight (8) 132kV grid stations to cater the future load growth. Furthermore, rehabilitation of existing grid stations equipment and around 200km of transmission lines is also being planned for ensuring reliability of the network. In addition to above, augmentation in NKI interconnection, through addition of 500kV /220kV Auto Transformer and associated bays, is being planned in order to draw increased power from National Grid and from new generation projects which are being planned in Thar area

through wheeling. Various other projects are also planned to improve system efficiency and optimize the Transmission loss profile.

Major projects interconnection, 220kV & 132kV grids timeline is as follows:



Further, the Company has undertaken significant investments in the rural / suburb segments of its service territory for upgrading its infrastructure to meet the increasing load profile which will also facilitate economic activities in these areas. In this respect, in parallel to rehabilitation, enhancement of grids in Vinder, Uthal & Bela is also planned to include upgradation from 66 kV to 132 kV level along with commissioning of new lines to increase transformation capacity and reliability while also creating provision of N-1 contingency.

## Distribution

To achieve the goal of loss reduction, safety, and improving network health, the Company has continued to make headways across various distribution projects. Its heartening to note that Distribution achieved all its goals as budgeted and beyond for Commercial and Technical targets. This included the distribution loss, recovery, SAIDI, SAIFI and outages.

The Company's flagship project - Sarbulandi, initially launched in FY 2020 has progressed to its 3<sup>rd</sup> phase, furthering the goal of curbing losses while uplifting communities. During FY 2022, over 300,000 kg of illegal hooks (Kunda) have been removed from the system, and a total of 12,500 Pole Mounted Transformers (PMT) have been converted to Aerial Bundled Cables (ABC), with over 200,000 new meters installed through low-cost meter scheme during the year.

Additionally, with a focus on customer centricity and to enhance customer facilitation, the Company has expanded its Customer Facilitation Centre (CFC) to eighteen locations citywide. KE also launched 'Ehad Scheme' targeting chronic defaulters offering them attractive installment plans to encourage regular payments. Similarly, in FY 2022, tailor-made Area-Specific Rebate Schemes as a recovery solution were introduced in selected pockets in various localities of the city, where KE has been facing chronic law and order related situations. More than 99,000 consumers registered in FY 2022 under Ehad Scheme with successful recovery of a substantial PKR 3.6 billion.

The Distribution network has witnessed significant technical improvements during FY 2022, with a 28% reduction in feeder outages and a significant reduction in consumer complaints observed during the period. This improved performance is mainly driven by aggressive maintenance and governance initiatives like preventive maintenance of over 170 feeders, relieving of 540 overloaded distribution transformers, addition of protection and isolation devices, and efficient network design.

Moreover, Meter Data Management System (MDMS) Analytics module was made live in December 2021. This has enabled effective data insights for better decision making and also provides detailed analyses of Technical & Commercial Losses, Billing & Revenue, Network health and reliability. MDMS further enhanced our ability to increase governance via data availability, asset tagging, network hierarchy and consumer mapping. All major KPI reporting is being moved to MDMS Analytics to establish it as a single source of data across the organization.

Furthermore, upon completing the digitization of the High Tension (HT) network, digitization of Low Tension (LT) network up to the consumer level has started.

In addition to the above and to further add value, initiatives to improve the utilization of the Work Force Management Solution deployed at all Distribution operations are in process which will allow fault level visibility of material usage and resolution time, aiming to pave way for predictive analysis and smart planning.

## INITIATIVES TO ENHANCE NETWORK SAFETY & PROTECTION

As part of its commitment to continue strengthening the reliability and safety of its network, KE continued second phase of its earthing projects under which running earth wire across all LT poles are being installed as a secondary protection to provide additional safety and protection to the system, while double earth wire on HT poles is 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.

Regarding the penalty imposed by NEPRA on the alleged public fatalities during the torrential rains in July and August 2020, the Company filed a detailed review against the decision dated August 11, 2021, where NEPRA has accepted KE's stance on certain matters and revised the fine imposed. The Company has paid the revised fine of Rs 33.5 million under protest and filed an appeal before the Appellate Tribunal against NEPRA order explaining that most of the unfortunate incidents occurred due to faulty internal domestic wiring, unsafe use of electrical appliances, unauthorized construction around KE's network and illegal hook connections on electricity poles.

To inculcate a Safety-First culture, KE embarked on the implementation of Process Safety Management (PSM) across all business units in FY 2021. The system was introduced to provide focused interventions, address identified risks and system gaps, and to ensure proper alignment on safety objectives in the organization. This implementation followed FY 2021 gap analysis/benchmarking of KE Safety Management systems conducted with the help of DuPont Sustainable Solution (DSS). Taking it to the next level, this year, 07 PSM elements were developed, and staff was trained to implement the same on ground in order to bring a cultural change within the Organization. Safety week was also conducted for Distribution function in January 2022 to inculcate improved safety culture in the workplace for all employees. A total of for 2,736 employees were trained for 12,189 training man-hours on different topics relating to PSM.

Company's HSEQ Policy and CHSEQ Manual were also revised this year, to ensure alignment with IFC performance standards, NEPRA Power Safety Code and PSM elements.

Multiple meetings, trainings on PSM orientation and implementation to encourage employees to work around the "Integrated Organization Structure" were ensured during the year. As a result, Safety Committees have been formed and functioning as per their defined frequencies. Currently there are approximately 850 HSE committees across the company, with varied representation from field workers to the top management.

To further ensure its commitment towards safety, KE has taken up initiatives such as Public Accident Prevention Plan (PAPP) for re-validation of HT and LT assets to improve network resilience and public safety which currently stand at a 99% completion rate.

Moreover, to ensure compliance with safety guidelines in the Distribution business, the training and competency passport was developed for field staff, which keeps track of trainings and various awareness sessions attended by the staff. Furthermore, Behavior Safety Management sessions have also been initiated for all field staff to inculcate a culture of safety in the field. Safety audits were also conducted by Company leadership to ascertain adherence to safety policies and procedure, displaying their commitment towards safety.

While consumer tariffs and taxes are outside the control of power distribution companies, recent hikes in both have resulted in incidents of public agitation towards KE premises and staff. KE respects the civic right to protest in a peaceful manner but does not condone violence towards staff and facilities. To ensure safety of both, support has been sought from law enforcement agencies as well as city administration and operations are undertaken where staff and property both are protected. Even under these circumstances, our customers continue to be served 24/7 through alternate locations and digital touchpoints.

Digitalization and Increasing Options for consumers to reach out to KE ensure latest opportunities of payments available to consumers for payment plus alternate payment channels.

## CUSTOMER EXPERIENCE

KE is continuously exploring new avenues to improve customer experience. The Company also regularly captures customer feedback across platforms to further enhance the customer experience. This is done by an approach to :

- Act more diligently on behalf of customers
- Shift focus from silos to journeys
- Embrace and manage change

## Digitalization Initiatives

In FY 2022, KE successfully introduced new digital channels to interact with our valued customers.

WhatsApp for KE (with Urdu language facility), the first service of this kind being offered by a power utility in Pakistan, managed to subscribe over 342,000 customers during the fiscal year.

Moreover, the launch of Queue Management System (QMS) at Experience Centers has helped in decreasing the wait time through effective traffic management. Furthermore, to increase customer outreach and facilitate customers, KE has also opened new Integrated Business Centers on Wheels (IOW) and Consumer Facilitation Centers (CFC) in the outskirts of the city.

Other digitalization initiatives focused at customer centricity included:

- Contact Center Solution infrastructural upgrades to increase self-service utilization through Interactive Voice Response (IVR), to serve customers and increase operational efficiency
- KE's SMS broadcast bandwidth enhanced with the capacity to reach 1.5 million customers via SMS within an hour
- Improvements to smartphone app KE Live which witnessed an increase in usage trend
- The Company also continued using digital communication tools, i.e. social media such as Facebook, Twitter, LinkedIn and Instagram to engage with customers and stakeholders

regularly. A noteworthy initiative during the fiscal year in review is the launch of the KE Live Stream broadcast via the Company's social media channels.

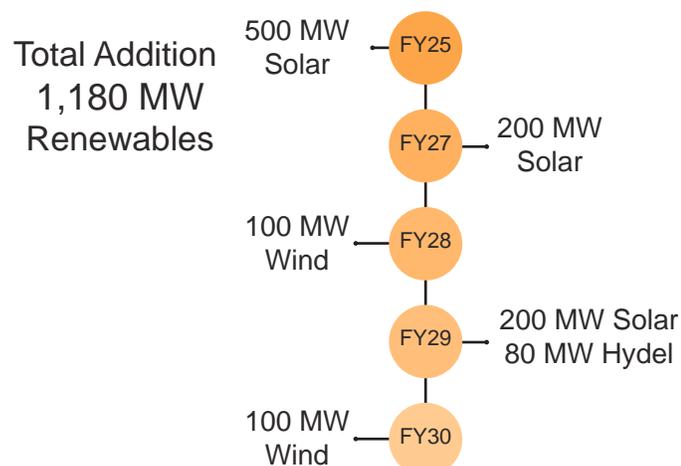
KE has also partnered with multiple platforms:

- Daraz, HBL-Konnect and Bank Al Falah to increase branchless banking by incentivizing consumers in the form of cashbacks and discounts to promote bill payments & digital channels
- NIFT e-Pay to make bill payment via KE's website/app and encourage consumers to pay their bills using the Bank Transfer facility
- Discount World to offer free Buy One Get One vouchers to customers who sign up for the Paperless Billing initiative
- FoodPanda & Careem with the aim to increase customer outreach by encouraging them to seam KE Live App
- Bank Alfalah to offer a digital payment solution and incentives to its customers through the bank's mobile application (Alfa App) and Bank Alfalah's internet banking
- Multiple other banks to increase branchless banking and the Paperless Billing initiative

As a result of these efforts to expand reach, more than 60% of KE customers have moved from conventional channels to alternate channels.

## KE'S PLANNED PROJECTS - SHORT, MEDIUM AND LONG-TERM OBJECTIVES

Given the strategic importance of Karachi within Pakistan's economic context and keeping in view the growing power demand in KE's service area, KE has prepared a robust and aggressive investment plan with focus on the utilization of indigenous resources along with renewables (including hydro) to reduce the burden on national exchequer from hefty, imported fuel bills, and alignment with the government policies such as the National Electricity Policy to add low cost, indigenous fuels-based power projects. Keeping in view the same, KE has planned total addition of 2,172 MW including renewables to the tune of 1,180 MW (with hydel), spanning across the FY-30 horizon, as follows:



KE is committed to generating power through green and economical sources and has embarked upon setting up 3 x 50 MW solar power projects under IPP structure at Vinder, Uthal and Bela districts of Balochistan through competitive bidding as stipulated under the NEPRA's relevant regulations. The prospective Bidders, selected through prequalification evaluation process, were issued the Request for Proposal (RFP) document including the project feasibility studies, alongside submission to NEPRA which is under approval. Moreover, land allocation for the project sites is underway with Government of Balochistan (GoB). Additionally, KE is undertaking the rehabilitation and upgradation of existing 66kV transmission network to 132 kV (both the transmission line and grid stations) along the Hub-Bela corridor. The solar projects along with the transmission upgrade will ensure reliable and economic power supply, paving the way for industrial growth, better employment opportunities and socio-economic uplift of the region.

During the period under review, the Company signed a Memorandum of Understanding (MoU) with Sindh Energy Department (SED) and the World Bank (WB) for establishment of solar projects with a capacity of 350 MW via competitive bidding framework. This initiative is part of the Sindh Solar Energy Project (SSEP), which is a collaboration between SED, Government of Sindh, and the World Bank. The objective of SSEP is to increase solar power generation and access to electricity in Sindh Province. This tri-partite collaboration is expected to result in additional 700 GWh of clean energy to KE's total supply, while off-setting carbon emissions by 300-350 kilotons per annum. The Project is currently under land assessment phase including the approval of relevant authorities for allocation and pricing, as well as finalization of site allocation, following which parties will commence feasibility studies and development of the RFP to initiate the competitive bidding process. The anticipated commissioning of the project is FY 2025.

KE is committed to reducing its fuel costs by utilization of indigenous fuels and resources. In this regard, with the objective of adding reliable supply on least cost basis, KE is also actively exploring options of developing base load power projects based on locally available coal and for directly procuring hydel power from the North via wheeling.

Seven years distribution plan has been formulated whereby the long-term strategic goals will be aligned with Company's vision of providing safe, reliable and uninterrupted power supply to the city. The same shall be submitted to NEPRA for approval under the tariff submission process.

## SUPPORT REQUIRED FROM GOVERNMENT OF PAKISTAN & NEPRA

The Company remains committed to its robust investment plan aimed at benefiting the consumers and Pakistan's economy at large, however, resolution of critical issues including growing

receivables from government entities and departments, certainty on supply from National Grid, provision of gas to optimize KE's own generation cost and timely regulatory approvals are pre-requisites for sustainable supply of power to Karachi.

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.

## INCREASING RECEIVABLES FROM GOVERNMENT ENTITIES AND DEPARTMENTS

As of June 30, 2022, KE's net receivables from various Federal and Provincial entities, stood at around PKR 26 billion on principal basis. The recent increase in fuel prices and non-provision of local gas supply to KE have resulted in a consequential increase in KE's Tariff Differential Claims receivable from the GoP as further detailed in section "Financing Update" to this Directors' Report.

Despite the pending release of KE's receivables from government entities and departments coupled with significant increase in fuel prices in the last quarter, KE in the best interest of consumers managed payments to fuel suppliers from the cash collected so that no source of power availability is compromised.

The backlog of receivables continues to have a consequential impact on the Company's cashflow position and resultantly its ability to enhance the pace of investment in power infrastructure. However, for sustainability of KE as well as the sector at large, it is imperative that all parties including the Government, reach an amicable solution to resolve this long-standing issue in accordance with the law.

Further, the Power Purchase Agency Agreement (PPAA), Inter Connection Agreement (ICA) and Tariff Differential Subsidy (TDS) Agreement for supply from the National Grid and release of subsidy have been initiated by relevant parties, and will be executed post required approvals.

## COMPETITIVE LANDSCAPE AND MARKET POSITIONING

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

However, 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 upon expiry of the exclusive distribution license of existing distribution companies. Accordingly, under the CTBCM regime, Bulk Power Consumers (BPC) having load of 1MW and above will have the opportunity to enter into bilateral contracts with supplier of their choice.

NEPRA through its determination dated November 12, 2020 approved the detailed design of CTBCM, however, 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.

KE has also been conducting its own evaluation and consultation with relevant stakeholders, where the Company is striving 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.

Further, in May 2022, NEPRA issued Market Operator License to CPPA-G with a dry run period of six months. As a result, currently dry run activities related to roll out of CTBCM regime are in progress. KE remains highly engaged with relevant stakeholders including NEPRA with regard to a workable transition towards competitive markets, wherein among key policy and regulatory matters, KE's tariff post June 2023 shall form an integral part.

## NATIONAL ELECTRICITY PLAN

For the implementation of 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 to meet the strategic objectives which include: Energy Security, Energy Equity & Financial Viability, Sustainability, Governance and Innovation.

Subsequent to approval of the National Electricity Policy 2021, discussions and consultation process for the National Electricity Plan started including multiple focus group sessions led by Ministry of Energy (Power Division), and the Company is in engagement with relevant stakeholders for development of a well-articulated National Electricity Plan.

## MULTI YEAR TARIFF (MYT)

### MYT Mid-Term Review

The Company filed Mid Term Review (MTR) 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 (RoE), changes due to necessary revision in the investment plan and working capital requirements of the Company along with other adjustments.

NEPRA issued its determination on MTR on March 1, 2022 (MTR decision), wherein NEPRA determined a downward adjustment of PKR 0.22/ kWh. In its decision, NEPRA has not allowed additional investment requested of PKR 138 billion aimed at improving power supply, reliability, and service levels, disallowed cost of working capital, allowed partial exchange rate variation for RoE indexation and has not considered other adjustments. Being aggrieved, the Company has filed an appeal before the Appellate Tribunal and will pursue its legitimate concerns / issues with the Appellate Tribunal. However, prudently, the impact of downward adjustment of PKR 0.22/kWh has been recorded in the financial statements for the year ended June 30, 2022.

## 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 2021 (in relation to actual write-off of bad debts, allowed under KE's MYT) claimed as per the mechanism provided by NEPRA.

While claims for the years FY 2017 to FY 2021 are pending NEPRA's approval, provisional claims for FY 2022 have been verified by external auditors and final claims will be filed with NEPRA in due course.

Timely approval of these requests remains critical for Company's sustainability and execution of planned investment.

## MYT post 2023

KE was awarded an integrated MYT by NEPRA for a control period of 7 years that will expire in June 2023. Keeping in view learnings of the current MYT and the ongoing changes in power sector including Network and Supply business being separate licensed activities, implementation of CTBCM model, and the proposed country wide central economic despatch, KE plans to file separate tariffs for Generation, Transmission, Distribution Network and Distribution Supply.

## FINANCING UPDATE

### Liquidity and Capital Structure

Accumulation of Tariff Differential Claims (TDC) receivables on account of the exorbitant increase in fuel prices coupled with outstanding receivables from other government departments

and entities have adversely affected the cashflow position of the Company. This cashflow requirement is being managed through extended and continued support from banks and other financial institutions.

## Commercial Papers / Short-Term Sukuks

During FY 2022, the Company continued its Commercial Paper (CP) Program through issuance of six distinct privately placed Islamic Commercial Papers and one conventional commercial paper of 6 months' tenor each amounting to around PKR 30.5 Billion. Further, the Company has also entered into the Short term Sukuk (STS) Program whereby six distinct privately placed Sukuk certificates of 6 months' tenor amounting to around PKR 28 Billion were issued to fund maturity of previously issued ICPs and partially to finance additional working capital requirements. Continued support of capital market to KE's CP & STS Programs has not only enabled the Company to maintain a diversified debt portfolio, but also to utilize financing limits of some of the banks for supporting strategic projects of the Company.

## Financing for 900 MW BQPS-III Project

Despite various challenges and lengthy approval process, the Company successfully achieved financial close of BQPS-III financing facilities in April 2022. Majority commitments secured under the foreign and local facilities have already been disbursed.

## Financing Facilities

KE achieved another milestone by securing USD 100 million syndicate financing from Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO) and Société de Promotion et de Participation pour la Coopération Economique (Proparco), Dutch and French Development Finance Institutions (DFIs) respectively, to enhance its transmission and distribution network. This syndicated facility will be used to support the electricity network by improving network safety and loss reduction.

## AUDITORS' OBSERVATION

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

As explained in note 32.1.1 to the unconsolidated 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 14.1 to the annexed unconsolidated 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 32.1.5 to the unconsolidated 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

### Board Composition

Total number of Directors as at June 30, 2022	13
i. Female	1
ii. Male	12
iii. Casual vacancy	-
Composition	
i. Independent Director	1
ii. Non-Executive Directors (including Independent Director)	12
iii. Executive Director	1

### Board Committees

The name of members of Board Committees are mentioned in "Company Information" in this Annual Report.

### Board Remuneration Policy

The Board has approved a remuneration policy for Non-Executive Directors in its 1216<sup>th</sup> Meeting held on June 25, 2020 which is in line with the applicable corporate regulatory framework. Salient features of the approved Remuneration Policy of Non-Executive Directors are as under:

- Fee shall be reviewed after every three years;
- The review shall invariably comply with applicable corporate regulatory framework and shall be carried out in an objective manner;
- The level of remuneration shall be appropriate and commensurate with the level of responsibility and professional expertise needed to govern the company to successfully achieve its corporate and social objectives as well as encourage value addition.

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

- The names of the persons who, at any time during the financial year, were Directors of the Company are given below:
  - Adeeb Ahmad
  - Asad Ali Shah
  - Ch. Khaqan Saadullah Khan
  - Dr. Ahmad Mujtaba Memon
  - Dr. Imran Ullah Khan
  - Jamil Akbar
  - Khalid Rafi
  - Mark Gerard Skelton
  - Mubasher H. Sheikh
  - Muhammad Abid Lakhani
  - Naveed Ismail
  - Ruhail Muhammad
  - Sadia Khuram
  - Sajid Mehmood Qazi
  - Shan A. Ashary
  - Syed Moonis Abdullah Alvi
  - Waseem Mukhtar
- The principal activities and the development and performance of the Company's business during the financial year are covered in this Directors' Report.
- The principal risk and uncertainties facing the Company are fully described in "Risk and Opportunity Report", under "Corporate Governance & Compliance" section of the annual report.
- No change occurred during the financial year concerning the nature of the business of the Company or of its subsidiaries, or any other company in which the Company has interest other than those mentioned in the Notes to the Financial Statements.
- There were no contents with regard to modification in the Auditor's Report.
- The pattern of shareholding and categories of shareholders are available in "Stakeholder Management" section of the annual report.
- KES Power Limited, incorporated in Cayman Islands, is the holding Company of K-Electric Limited.
- Earnings Per Share (EPS) for the year ended June 30, 2022 was Rs. 0.31 (basic/diluted).

- (i) The Company has reported profit during the year under review.
- (j) There were no defaults in payment of any debts during the year under review.
- (k) A sound financial control system is in place and is regularly monitored by the Board 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. There were no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statement relates and the date of the report.
- (m) The main trends and factors likely to affect the future development, performance and position of the Company's business is described under "Future Outlook".
- (n) Significant business plans and decisions and impact on the environment have been covered under "Environmental, Social, Governance & Sustainability Management" section of the annual report.
- (o) A report on the activities undertaken by the Company in relation to Corporate Social Responsibility during the year under review is placed under "Environmental, Social, Governance & Sustainability Management" section of the annual report.

## BOARD OF DIRECTORS (BOD)

### Gender Diversity on the Board

The Board encourages Diversity and Inclusion across all levels and has one female representative on the Board.

### Director Orientation

A comprehensive orientation program is in place to welcome new Directors and acquaint them not only with Company's operational activities, objectives and business plan but also with regards to their statutory duties and responsibilities pursuant to the Companies Act, 2017, the Rule Book of Pakistan Stock Exchange (PSX), Listed Companies (Code of Corporate Governance) Regulations 2019 (CCG), the KE Memorandum and Articles of Association as well as the Company's Code of Conduct. This helps incoming Directors make informed decisions to safeguard interest of the Company and all the stakeholders.

### Board Evaluation

The Board of Directors is cognizant of their responsibilities towards the stakeholders of the Organization. To support them in fulfilling their duties and in compliance with the Listed

Companies (Code of Corporate Governance) Regulations, 2019, an external independent evaluation for the Board and its Committees was successfully completed during the year by Pakistan Institute of Corporate Governance (PICG). The evaluation recognized the hard work and efforts of the Board throughout the year.

## Changes in the Board of Directors

During the period following changes took place:

- Mr. Muhammad Abid Lakhani resigned from the position of Non-Executive Director and Mr. Naveed Ismail was appointed in his place effective August 06, 2021.
- Dr. Ahmed Mujtaba Memon resigned from the position of Non-Executive Director and Mr. Sajid Mehmood Qazi was appointed in his place effective October 28, 2021.
- Mr. Jamil Akbar resigned from the position of Non-Executive Director and Mr. Mark Gerard Skelton was appointed in his place effective January 25, 2022.
- Mr. Sajid Mehmood Qazi resigned from the position of Non-Executive Director and Dr Imran Ullah Khan was appointed in his place effective April 05, 2022.

## Election of Directors

Subsequent to year end, an election of Directors was held wherein following Directors were appointed:

1. Mark Gerard Skelton (Chairman)
2. Syed Moonis Abdullah Alvi (CEO)
3. Adeeb Ahmad
4. Arshad Majeed Mohmand
5. Boudewijn Clemens Wentink
6. Ch. Khaqan Saadullah Khan
7. Dr. Imran Ullah Khan
8. Mubasher H. Sheikh
9. Muhammad Kamran Kamal
10. Muhammad Zubair Motiwala
11. Saad Amanullah Khan
12. Sadia Khuram
13. Shan A. Ashary

## 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 October 13, 2021 upon recommendations of the Board Audit Committee (BAC) and the Board, reappointed them as statutory auditor of the Company for FY 2022.

## ACQUISITION BY SHANGHAI ELECTRIC POWER (SEP)

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 Intention for the acquisition on June 28, 2022.

SEP's acquisition of a controlling stake in KE will not only pave way for execution of an aggressive investment plan catering to the needs of the entire power value chain and furthering the operational improvement trajectory but will also prove to be a game changer in transforming Karachi's power infrastructure and technological landscape of the Pakistan's power sector.

## FUTURE OUTLOOK

Difficult macro environment resulting in slow down of economic activity, currency depreciation and high policy rates would impact the profitability of the Company in FY 2023. KE being a dynamic organization that has demonstrated its resilience and determination to grow and thrive, overcoming multiple challenges over the years, is determined to pursue its vision of providing safe and reliable power to its consumers. The Company focuses on completion of 900 MW project, development of renewable projects, interconnections and would remain engaged with NEPRA and other stakeholders for resolution of critical issues including receivables from Government entities and timely and sustainable tariff determinations by NEPRA including approval of legitimate costs of the Company.

## CONCLUSION

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

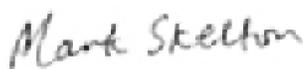
## ACKNOWLEDGEMENTS

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

For and on behalf of the Board,



**Syed Moonis Abdullah Alvi**  
Chief Executive Officer



**Mark Gerard Skelton**  
Chairman

Karachi, September 20, 2022

# AWARDS

United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) Award for covid vaccination efforts

S&P Platts Global Energy Award - corporate social responsibility in diversified category for Roshni Baji programme

NEPRA Gold Award in CSR

Asia Export Finance Award by Trade and Export Finance (TXF) for Bin Qasim Power Plant III

Asian Power Awards

- IT Project of the Year for KE Live
- Power Utility of the Year

WePower, South Asia Award for employee retention initiatives

Silver Employer of Choice Gender Diversity Award by International Finance Corporation (IFC) and Center of Excellence in Responsible Business (CERB) - Pakistan Business Council (PBC)

14<sup>th</sup> National Forum for Environment & Health (NFEH) CSR Award

13<sup>th</sup> Annual Environment Excellence Award by NFEH

United Nations Global Compact (UNGC) Business Sustainability Award

Fire Safety Award by NFEH & Fire Protection Association Pakistan (FPAH)

7<sup>th</sup> International Summit and Awards on Environment, Health and Safety by the Professionals Network

International Safety Award by British Safety Council UK in Seize the Opportunity Award

SAFA Best Presented Annual Report (BPA) Award 2020. First Runner up in the category of Power and Energy



# 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 market and regulatory evolution it faces. To meet the growing demand and to better serve its consumers, amidst the evolving sector landscape, the Company has taken following initiatives:

- Addition of 900 MW RLNG based BQPS-III power plant, currently under testing and commissioning
- Plans to add around 1,200 MW of renewables by 2030, which would help optimize the overall cost
- Delivering various projects under Operational Excellence bringing efficiencies and cost benefits
- Exploring ESG projects for achieving decarbonization objectives
- Enhance customer focus and centrality

KE embarked upon its flagship Operational Excellence program that delivered substantial benefits in terms of cost optimization; the company is now committed to continue the same going forward.

KE also embarked upon a full Greenhouse Gas (GHG) emissions audit as part of its larger decarbonization vision. This will eventually feed into one of the projects of operational excellence and also explore carbon credits market to identify new revenue potential.

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 on supply side is necessary for ensuring the power generated and procured from external sources is evacuated and supplied reliably and safely to our end customers.

To extend the improvements achieved under Project Sarbulandi, 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.

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-defense trainings, and onboarding of Roshni Bajis and female Grid Operating Officers (GOOs).

## KE within the Value Chain

In the current KE value chain, the company's intervention begins from the sourcing of the fuel towards its generation of power. KE being a vertically integrated organisation that owns the entire value chain and operates in a regulated environment, hence is the only power supplier with no competitors.

However, with the advent of liberalization of the power markets, competition would potentially enter on the retail end of the value chain through bilateral contracts with the eligible consumers, meanwhile KE would still maintain its position as the sole provider of the network services.

## Significant changes in objectives and strategies over the years

In view of the imminent competitive landscape through CTBCM and national focus on ensuring supply power through indigenous fuels and renewables through IGCEP, KE has focused on key areas with several strategic initiatives to deliver cost-efficient, safe and reliable power:

- Adding cheaper source of power with strong focus on renewables to optimize overall cost
- Enhance value through growing KE's business: utility services, distributed generation, attracting BPCs in other markets & value-added services
- Generating additional value for the company by leveraging existing assets

## Key Performance Indicators (KPIs)

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

- Improvement in overall power generation fleet efficiency
- Reduction in 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

# GENERATION

## Fleet Achievement

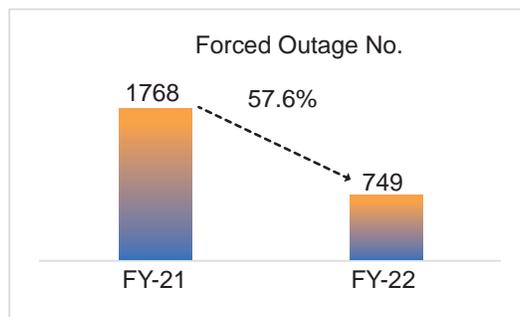
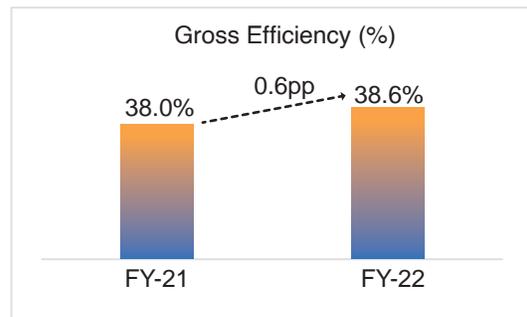
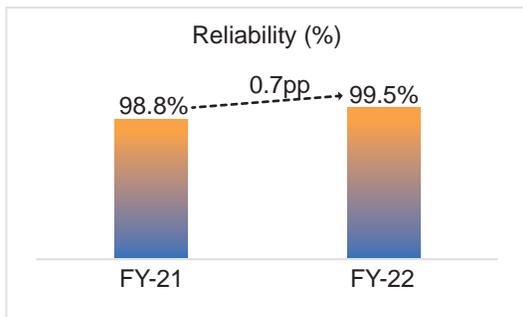
KE continued to make strides in the generation segment including successful commissioning of Black Start Capability at Korangi Combined Cycle Power Plant (KCCPP). Further, investment in maintenance activities at existing generation stations were carried out throughout the year, resulting in following improvements compared to last year:

- 0.7pp improvement in Fleet Reliability
- 0.6pp increase in Fleet Gross Efficiency
- 57.6% decrease in Fleet Forced Outage Numbers

Further, synchronization of first unit of combined cycle and base load test operations of 900 MW RLNG-fired power project (BQPS-III) was also initiated. During the tests being performed by the Project Contractor(s) as part of its commissioning, machine of Unit 1 of 900 MW plant tripped and the team of global experts have started the rehabilitation works to resolve the issue on priority. Headway is being made on the commissioning of the second unit and the completion of 900 MW RLNG project would enable KE to manage the power demand for summer of FY 2023.

## Key Activities Conducted

- Annual maintenance of all units of BQPS-I which included a major overhaul of Unit-5 turbine and retrofit of its control system with state-of-the-art ABB technology
- Design, engineering, installation, and commissioning of BQPS-I Unit-2 turbine control system and rotor stress evaluator
- Successful rehabilitation and energization of the 220 kV ICI Bay at BQPS-1 Gas Insulated Switchgear (GIS)
- BQPS-II Gas Turbine-3 Hot Gas Path Inspection (HGPI) and Natural Gas Compressor-3 overhaul
- BQPS-II RLNG fuel system erection work
- KCCPP Gas Turbine-3 and Steam Turbine-A generator major overhauling and sea water intake channel dredging
- Reduction gear box overhauling of KCCPP Gas Turbine-1
- Necessary maintenance at KGTPS and SGTPS to keep the stations operating reliably. Maintenance activities included top end maintenance of 4 engines, replacement of two block transformers and boiler and Steam Turbine annual inspections.

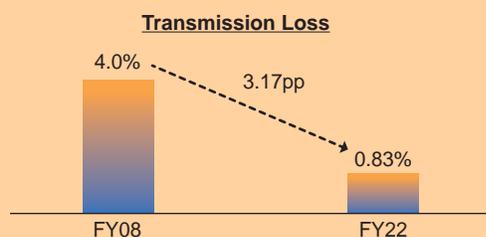
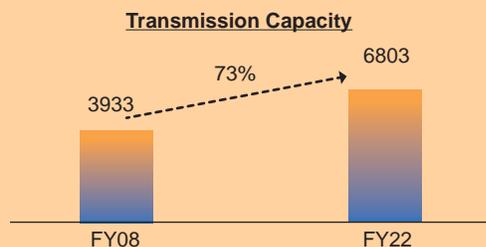


# TRANSMISSION

Being a vertically integrated power utility, KE is licensed to carry out transmission business within its service area and owns, operates, and maintains transmission network of 220kV, 132kV and 66kV. KE's transmission system comprises of:

- 1,354 km of 220kV, 132kV and 66kV lines
- 71 grid stations
- 20 Autotransformers with transformation capacity of 4,600 MVA
- 179 Power transformers with transformation capacity of 6,803 MVA

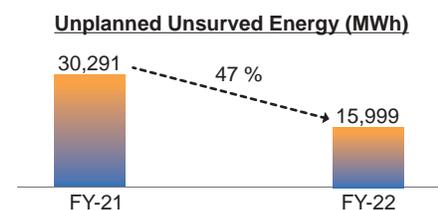
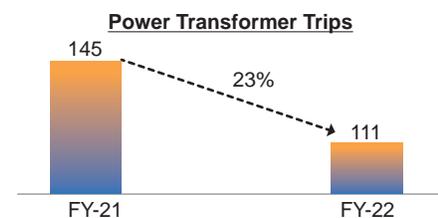
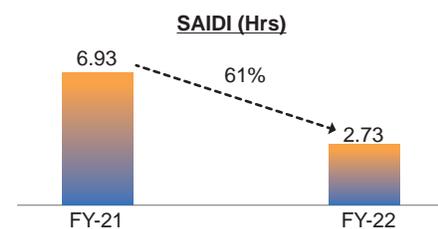
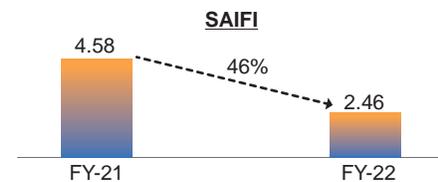
Since privatization, in order to meet the rising demand of the metropolis and to bridge demand supply gap, investments were made for capacity enhancement and augmentation in the system which led to an increase in transmission capacity by 3,323 MVAs. Similarly, for increasing system reliability and to meet the long-term load evacuation requirement, investments were also made for addition of new transmission lines that increased transmission line length by 254 kms and rehabilitation of existing lines and grid equipment. These investments significantly improved transmission efficiencies and enabled KE to reduce Transmission Loss by more than 3 times compared to the start of FY09.



## Significant Achievements

Continued and targeted investments in the network have resulted in considerable improvement in reliability of the transmission network of KE in FY22. Some of our significant achievements during the year are:

- 23% reduction in power transformer trips
- 26% reduction in actual trips
- 13% reduction in forced shutdowns resulted in lieu of Condition-Based Monitoring (CBM) approach adaptation
- 47% reduction in unplanned unserved energy (MWh)
- 46% reduction in System Average Interruption Frequency Index (SAIFI)
- 61% reduction in System Average Interruption Duration Index (SAIDI)
- Over 90% accuracy in visibility of real time power system status on Supervisory Control and Data Acquisition (SCADA)
- 100% feeders & lines adapted on SCADA



## Major Projects

### Grid Capacity Enhancement Projects

To meet new residential and industrial demand and meet any contingency situations, during the year, KE energized power transformers at Korangi South, PRL, Maymar, and Memon Goth Grids under the Hybrid Insulated Switchgear (HIS) capacity enhancement project alongside other replacement/ enhancement activities that has resulted in net transmission capacity addition of 267MVA.

### New Interconnection Points with NTDC for Evacuation of Additional Power

Considering the surplus capacity scenario in the National Grid and to benefit consumers and economy at large, KE has conceived projects of 500kV KKI and 220kV Dhabeji grid stations as additional interconnections with NTDC.

These interconnections will enable KE to import additional power from National Grid, ultimately enabling KE to manage the growing power demand in upcoming years. Both projects are accelerating at a fast pace, reaffirming KE's resolve towards the betterment of Karachi.

220kV Dhabeji grid project is in full swing where grid design phase is close to completion. Similarly, for 500kV KKI grid, land for the grid has been acquired while designing, material / equipment procurement and approval process are ongoing on fast pace.

### Hub, Vinder, Uthal & Bela Project (HVUB)

KE has planned to erect a new double circuit of 132kV transmission line from Hub-Chowki to Bela grid and enhancement of grids in Vinder, Uthal & Bela from 66 kV to 132 kV in line with the Company's vision to bring a substantial change in the rural parts of its service territory by upgrading its infrastructure, to meet the increasing load profile and to support economic expansion.

In addition to the above, continuing with execution of large-scale rehabilitation project on Hub to Uthal transmission lines at an expedited pace, the execution of scope for Phase-I has reached 98% whereas Phase-II was initiated and achieved progress of 93% in FY 22 alone, and both phases are expected to be concluded by December 2022. The project has already yielded a decrease in number of remote line trips by 51% and unserved energy against remote line trips by 55% as against previous year.

### Implementation of Tripping Schemes

With the offtake of 1,100 MW power from the national grid, various special protection schemes were studied and applied to enhance system stability under exigent scenarios. These schemes have helped improve system security and increased outage flexibility to perform rehabilitation works on critical 220kV interconnecting lines whilst successfully importing 1,100 MW power from National grid. These schemes include:

- 1) Enhancement in Under Frequency Scheme
- 2) Introduction of Under Voltage load ejection scheme
- 3) N-1-1 contingency protection scheme on 220kV KDA-NKI-Baldia lines
- 4) Enhancement in existing Cross Trip Scheme in under power scenario

All these schemes have been incorporated on SCADA at LDC / DRC with an audible alarm system to alert in case any of the tripping scheme is operated.

### Bird Fall Protection Project

To reduce transient tripping frequency of transformers and grid equipment due to wire/rope droppings by birds on wires, two initiatives have been implemented.

Under the first initiative, insulation boots on bushing clamps and cable lugs of Power Transformers were installed in KE Grid network. This has increased grid reliability by 8%.

Under the second initiative, aluminum cladding on steel support structures at the Azizabad grid was installed to mitigate whole grid tripping due to bird fall and other uncontrollable environmental factors. No tripping event has been reported at the grid so far following the installation.

### Transmission Line Rehabilitation

To increase the stability and reliability of the transmission line and for smooth operation of transmission line in all seasons, rehabilitation operations were performed which include Room Temperature Vulcanizing silicone (RTV) coating on insulator strings, replacement of existing Porcelain Insulators with Composite Insulators, and rehabilitation of transmission line structures and foundations of multiple circuits in the network.

### GIS Overhauling Project

The successful completion of our three-year overhauling project of 80 GIS bays was accomplished in FY 2022 which is another major landmark that facilitated in ensuring improved and reliable system performance.

## Future Transmission Initiatives

In continuation of KE's aim to serve safe and reliable power to customers while ensuring system stability, going forward, KE plans to undertake the following initiatives:

### Load Growth Requirement and Loss Reduction

- Addition of new grids and transmission lines
- Replacement of old power transformers and allied equipment
- Considering anticipated rise in load growth and resultant need for enhancing the current carrying capacity of circuits, reconductoring of 132kV circuits is planned

- Replacement of 132kV Optical Fiber Cables (OFC) with cross-linked polyethylene (XLPE) to prevent frequent failures / oil leakages due to aging and to enhance operational reliability.

### System Reliability Improvement

- RTV coating of porcelain insulators and on Cable Sealing Ends on 132kV Extra High Tension (EHT) Cable Circuits is planned to eliminate flashovers/trippings of transmission lines during humid weather.
- To increase the reliability and efficiency of telecom services including Data, Tele protection, voice and other requirement by management, upgradation and digitization of Telecom System is planned. This will help prevent frequent downtime due to transmission line outages / aging of the system.



# DISTRIBUTION

Serving over 3.4 million customers, the distribution business of KE is committed to invest and improve network health and give its consumers reliable and safe supply of power. Through expanded investments across the distribution infrastructure, the Company reduced its Transmission and Distribution (T&D) losses during FY 2022 by 2.2%, ending the year at 15.3% (FY 2021: 17.5%) and as a result of focused measures and initiatives, KE's recovery ratio has improved to 96.7% (FY 2021: 94.9%).

## Commercial Initiatives

The Company continues to work towards its goals of reducing distribution losses, improving service quality, and eradicating theft through its flagship Project Sarbulandi launched in FY 2020. In an effort to reduce the overall Aggregate Technical & Commercial (AT&C) losses, this project involves converting the bare conductor distribution network to Aerial Bundled Cables (ABC) to reduce theft which also helps improve safety levels. The load shed in high-loss areas of the city has been massively contained as a result of these efforts, resulting in improved power supply to customers.

To reduce energy theft and improve network stability, complete ABC (Mains + OMR) took place on 861 PMTs during FY 2022. These efforts are augmented by engaging in the commitments through the Sarbulandi Project.

Under the strategic vision of Project Sarbulandi, KE has been successful in converting one of its High Loss IBCs i.e. IBC Orangi II into a Low loss IBC. All feeders in the IBC's domain have been entirely converted onto ABC, which has also benefitted consumers of the area. Further significant loss reduction has also been witnessed in other IBCs under this project.

To improve recovery levels, KE launched Ehad scheme, an initiative to convert chronic defaulters into consistent and regular paying customers. Understanding the constrained payment capacity of customers residing in less affluent areas of the city and easing the dues baggage that they hold is the main theme behind this scheme. Customers are offered rebates in addition to convenient, easy payment plans and during the year, tailor-made area-specific rebate schemes as a recovery solution were introduced in selected pockets in various localities of the city, where KE has been facing chronic law and order related situations. To spread our outreach, various recovery camps are being positioned for customer facilitation in addition to our 30 different customer care centers spread across the city.

## E-Billing, Digital Payments and Partnerships

To keep up with the new digital age and to become environment friendly, KE took this initiative to offer its customers to purely opt-in for receiving bills on their e-mail

address. KE in addition to providing 'easy payment facility' and 'e-bill payment modules' to its customers for maximum facilitation, has also partnered with several platforms to expand the forums available to its customers for easy payment of bills. Similarly, KE now allows customers to pay their bills using KE's website or mobile app and promote the usage of bank transfer options.

KE has expanded its Customer Facilitation Centers (CFCs) & IBC on Wheels (IOWs) increasing to a total 25 CFCs and 11 IOWs; especially focusing on far flung areas and those neighborhoods where the actual IBC is at a distance to facilitate consumers at their doorstep.

## Technical Initiatives

On the Technical side, targeted network investments resulted in improvements in the Distribution network in FY 2022, with a 44% reduction in duration of planned and forced Feeder outages and a 24% decrease in Customer complaints. Robust initiatives such as preventative maintenance, installation of new PMTs covering both domains of System Improvement Programs (SIPs) in overloading areas and New Connection schemes, the insertion of protection and isolation devices and effective network design resulted in improved performance.

Meter Data Management System (MDMS), is one of the core components of AMI and KE has been successful in implementing Oracle MDMS in its AMI landscape and establish an integrated systems stream comprising of SAP, MDM and HES of metering vendors. This implementation is expected to result in automated meter reading and billing, act as central repository for smart meters management, energy accounting at PMT and Feeder Level as well as enabling smart meter data base for analytics reporting.

Project ENSURE was conceived to combat effects of severe flooding due to monsoons, which cause prolonged submersion of KE's distribution infrastructure in water. This project was rolled out on certain targeted feeders in Defence Cluster. Major key initiatives revolved around raising asset placement platforms from ground level and replacement of cables and conductors to prevent assets from future flooding, deterioration and ensuring Safety. As part of this project, around 32 such substations have been raised along with elevation of 105 RMU and 338 feeder pillar boxes. Additionally, 113 substations have also been renovated.

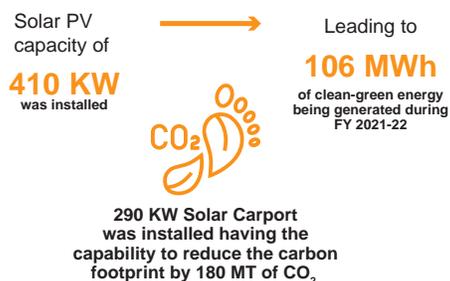
Going forward, KE has prepared a comprehensive investment plan, timely execution of which would enable KE to further the technical as well as commercial improvements in the distribution segment.

# ENERGY CONSERVATION AND EFFICIENCY INITIATIVES

KE's Energy Conservation Department (EC) aims to facilitate consumers in conserving energy. This includes 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 optimization both at the utility and consumer end.

A key component of KE's EC initiative lies in educating the masses and inculcating an essence of conservation and its benefits at a grassroots level. Energy Conservation in collaboration with Marketing, conducted a Digital Energy Conservation drive especially aimed at our residential consumers. The campaign highlighted the importance of conserving energy especially in an era where traditional energy resources are scarce, and cost of energy is continually rising. Young generation especially engaged and showed interest in the subject, which was a pleasant outcome as this segment of the society is going to be the leaders of tomorrow. Ingraining a true sense of conservation and sustainability in young blood would prove to be instrumental in changing the way they think and respond towards energy usage as a whole. For achieving this goal, audience were engaged via infographics, videos and quizzes to educate them about inefficient appliances and their excessive energy consumption, their impact both on energy systems and energy bills. The concept of energy-star appliances was also introduced, their saving potential vis-à-vis energy usage, their long-term positive impact on sustainability and presented as one of the answers to our quest for a greener and sustainable future.

KE has an installed solar PV capacity of 410 kW around different in-house locations. During FY 2021-22, these systems have generated 106 MWh of clean-green energy. KE has also re-energized its 290 KW Solar Carport PV system installed at its Head Office, having the capability to generate 417 MWh of energy, and reducing the carbon footprint by 180 MT of CO<sub>2</sub> from the atmosphere per annum.



To adopt best operational practices, in-house solar systems are being shifted to O&M model where the regular operations, and timely predictive and corrective maintenance will be performed by O&M contractors. Maximum system availability, performance ratio and minimal downtime will be ensured via these O&M contracts in place.

During the year, under the Energy Management Framework of ISO 50001, KE's teams conducted 14 Energy Audits for different large-medium sized industrial and commercial customers. Customers who have optimized load based on our recommended energy management solutions led to a combined carbon footprint reduction of 2,745 MT CO<sub>2</sub>/annum.

Under the ambit of ISO 50002 Energy Audit framework, KE has plans to implement a Level-Wise Energy Audit System which will address the tailored energy efficiency needs and consultation requests of our industrial and commercial consumers.

In FY 2022, 1,072 Power Factor Improvement surveys were conducted. These resulted in a release of 41.4 MVA of apparent power and a carbon footprint reduction of 36,491 MT CO<sub>2</sub>/annum. The program is designed to counsel and advise consumers about the benefits of PF improvement & aims to improve quality of power supply and voltage profiles.

In another initiative, KE is underway in digitalizing their Energy Audit (EA) process, and their Power Factor Improvement Program (PFIP) operations. These initiatives will expand our service capacity and would enable us to cater the needs of our industrial and commercial consumers in a much better and efficient manner. This digitalization initiative would also prove to be instrumental in gauging the performance and efficacy of our operations faster and conducting corrective tweaks and actions accordingly.

KE also facilitates Net Metering on NEPRA's guidelines. In FY 2022, KE actively engaged with consumers and registered 3,192 applications in line with NEPRA's Net Metering guidelines, whereby customers can obtain generation license to sell their excess electricity back to the power utility. In FY 2022, 2,801 cases were commissioned, whereas since inception 5,181 cases have been commissioned and a total PV injection of 100.1 MW has been made to the system.

# INTEGRATED BUSINESS MODEL

## Input

### Intellectual Capital

- 109 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

### Human Capital

- Highly skilled and trained workforce
- Industry leading HR Management practices
- Career Development and Succession Planning
- Learning and training plans
- Leadership Exploration and Development Programs

### Social & Relationship Capital

- Urban connect
- Proactive stakeholder engagement
- Shared organizational values
- Corporate Social Responsibility agenda

### HSE Capital

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

### Financial Capital

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

### Infrastructure Capital

- State-of-the-art power generation
- Well-established transmission and distribution network
- Physical and virtual customer touchpoints (Integrated Business Centers, KE Live App, WhatsApp and Chatbot, Facebook, Twitter, telephone helpline - 118)
- Focus on renewables

1

3

5

# Output

2

## Intellectual Capital

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

## Human Capital

- Ethical and forward-looking leadership
- Motivated and high-performing staff
- Open, transparent, power driven and empowering culture
- Equal opportunity employer
- Women empowerment

## Social & Relationship Capital

- Healthcare and education elevation programs
- Community development initiatives
- Roshni Baji programme (2<sup>nd</sup> cohort)
- Covid-19 Vaccination Drives
- Women on Wheels
- Water Filtration Plant at Korangi
- Heat Wave Camps
- KHI Awards 2022
- Financial literacy trainings for Women in collaboration with SBP
- Upkeep of Ali Sadpara Park
- 7/11+ Innovation Challenge
- Wellbeing of underprivileged communities

4

## HSE Capital

- Carbon footprint reduction
- Greenhouse Gas emissions' assessment
- Power conservation initiatives
- Adherence to Safety KPIs
- Green energy webinars

## Financial Capital

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

6

## Infrastructure Capital

- Own fleet capacity of 2000+ MW
- 900 MW RLNG power plant under testing and commissioning
- Supplying in an area 6,500 square kilometers through a robust T&D network
- Project Sarbulandi and Aerial Bundled Cable upgrades
- EV Charging Stations in collaboration with Shell Pakistan

# CUSTOMER EXPERIENCE

KE is consistently exploring new avenues to improve customer experience. Also KE is regularly capturing voice of customers and implementation of this feedback to further improve the customer experience.

In FY 2022, KE has successfully introduced a new digital channel for their valuable customers. WhatsApp for KE (with Urdu language facility) has managed to acquire over 300,000 customers within 7 months of launch. Also, the smartphone app KE Live has witnessed an increase in usage trend during the year. Growth in KE Live account registrations by 130,000 was achieved by making structural changes, and running collaborative marketing campaigns.

The launch of Queue Management System at Customer Care Centers has helped in decreasing the wait time through effective traffic management. Also, the installation of WIFI system at

Service Centers has improved customer awareness and adoption on KE digital channels.

To serve customers at their door steps, especially in locations with limited banking service proximity, KE plies its IBCs on Wheels, opens the smaller Sahulat Centres and arranges customer camps. These facilitate customers and have resulted in strengthening our connect with the communities.

Moreover, Contact Center Solution infrastructural upgrades increase the self-service utilization through IVR, bandwidth to serve customers and operational efficiency especially during contingencies with higher customer volume. We have focused on delivering the modern experience that customers want and expect. We continue our customer experience journey by believing that every customer matters from the first interaction all the way to ticket resolution.



# 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 strengthen the talent pipeline 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 by focusing on their specific development profiles, thus providing the Company with a sustainable talent pool and creating a long-term platform for succession planning. For the development of this talent pool, the Leadership Academy of KE has collaborated with top educational institutes both locally and internationally.

For Emerging Talent Program (ETP) 2022, KE capitalized on its HR technology and internalized the whole registration and selection process and managed it effectively while giving the best candidate experience. Through this, KE selected and onboarded 45 fresh graduates as Management Trainees and Trainee Engineers. More than 8,000 candidates from Pakistan as well as Pakistani students studying in international universities, went through a rigorous selection process which included cognitive assessment, asynchronous interview and panel interviews.

To develop and upskill Officers and Non-Management employees, focused Learning Interventions were introduced through development programs, Meri Shanakht, Up Your Game and Hum Qadam. These programs focused on enhancing skills, personal branding, self-awareness as well as grooming towards a customer-centric approach. To ensure linkage of academia with the on-ground operations, KE partnered with NED University to run a customized Certification Program for Generation & Transmission Officers. Further to ensure access to learning opportunities, and build a continuous culture of learning and development, our AZM Learning e-library now consists of more than 280 e-modules on different soft and technical skills.

As our people are the key drivers of our success, KE expanded the scope of People (Employee) Engagement Survey to officer level as well. Based on the action plans developed, the high-impact focus areas were addressed by improving processes such as Performance Management Framework and introducing employee friendly policies for career growth.

HealthCare Vitality team feels immense pleasure to complete Health Assessment Screening Phase VI & VII for KE Officers and Non Management Staff (NMS) respectively from Tabba Heart Institute thus accomplishing our initiative of preventive

healthcare through early detection and timely management of any ill health symptoms. 3,655 Officers and 3,031 NMS employees have been facilitated. One on one consultation with identified high risk Officers and NMS group is in process to emphasize and advice preventive lifestyle along with proper medications to reduce risk of cardiac ailment. Following the success of 100% employee COVID Vaccination, 02 COVID Booster dose on-site camps were arranged at Elander and Nazimabad HealthCare centers for our employees and families for additional immunity to combat disease.

To support women professionals who have been on a career break or are unable to work full time due to personal commitments, KE introduced a Returnship Program that aims to offer project based contractual opportunities to such women professionals. Under this program, women professionals can successfully resume their careers through coaching, mentoring, personal development, career revitalization and networking. 9 females resumed their career after a break with KE under this program.

To aid the development of aspiring young women, KE runs an Apprenticeship Program in collaboration with STEVTA, which offers the youth a chance to have a career in Power Sector. It's a 02-year program which provides detailed In-house and On-Site training sessions taught by learned and skilled instructors to transform an individual intellectually, socially, and professionally with an unparalleled learning experience. The apprentices are also trained in soft skills & personal development. Currently 12 female Apprentices are enrolled, where 05 graduated with distinction in the field of Grid and Transmission in 2022.

To support a mother's childcare commitments and ensure that her child remains in good hands while she is at work, KE amended its Childcare Assistance Policy in line with global best practices.

To enable inclusive culture, KE introduced Gender Sensitization training for all employees by the name of Better Together – Respect at Workplace. The focus is on the importance of respect in the workplace and legal implications of the Protection Against Harassment of Women at the Workplace (Amendment) Act 2022. It aims at creating an environment and culture in the organization where everyone feels included, understands expected behavior while interacting with each other, with realisation of legal implications.

Our initiatives help us retain and develop female workforce and make us an Employer of Choice which is depicted by a recent award, 1<sup>st</sup> Runner up for the Employer of Choice Gender Diversity Awards, hosted by IFC and CERB - Pakistan Business

Council. KE has also been recognized as a winner for its Employee Retention initiatives in the WePOWER, SouthAsia.

With the mission towards an inclusive organization, KE introduced a program for Persons with Disabilities, by the name of Yaqeen – Enabling Abilities, for the first time in Power Sector in collaboration with Social Welfare Organizations (KVTC/NOWPDP/Ida Rieu/Deaf Reach/DWA), where around 350 applicants were provided an opportunity to get interviewed in an open career fair for Regular Positions and Internship at KE. These social welfare organizations also set up small fairs to sell handicrafts made by PWDs in the Career Fair. This year, 10 PWD interns are inducted and 14 PWDs for regular positions.

Knowing the importance of digitalisation, following three-year road map for the digital transformation of human resource processes, KE has achieved significant milestones this year:

### SuccessFactors Employee Central (EC)

With a next generation cloud-based HR solution under the banner "People Connect", KE's HR services, via web and mobile application, are now being accessed on-the-go by 73% employees. Prior this implementation, this percentage was limited to 22% or less.

### SuccessFactors Onboarding v2.0

The implementation of state-of-art SuccessFactors based Onboarding module v2.0 has enhanced the experience of new joiners with better visibility and accessibility. This has also helped managing internal stakeholders to ensure smooth and systematic onboarding of new joiners.

### SuccessFactors Recruiting Marketing (RMK)

Another SuccessFactors based module, i.e. RMK has been successfully implemented to strengthen the Talent Acquisition processes by offering an integration with Social Sites (i.e. LinkedIn) as well as offering an integrated and customized Career Site.

### SAP OpenText Extended Enterprise Content Management (xECM)

A power sector first, KE has successfully digitized over two million documents of HR Records, using a cloud technology with DR Sites, safeguarding employee records from disaster and enabling a control based smart-share option to minimize movement of physical files.

### People Connect Tele-Clinic

To minimize the risk associated with individual's exposure, this year, KE has successfully provided Health Consultation on 31,357 queries of patients by a qualified team of doctors and health experts through an online, state-of-the-art People Connect Tele-Clinic initiative. This service is available for all KE employees and their families through People Connect toll-free number.



# IT GOVERNANCE AND CYBER SECURITY

A close collaboration of Cyber Security and IT works to strengthen systems confidentiality and availability at all times. With the necessity of cyber security recognized at both tactical and strategic levels, KE has obtained ISO 27001 certification (Information Security management System -ISMS), which is a collection of guidelines and practices for the systematic management of sensitive data inside an organization. This certification enables the Company to reduce risk and guarantee business continuity by actively reducing the effects of a security breach.

Our multipronged efforts include investments in cyber security technologies, techniques, and human capital. Additionally, as a regulated organization, we also abide by NEPRA's cyber security regulations. Regular advisories related to information/cyber security are circulated KE-wide via email. Phishing attack simulations and other training sessions are held for KE's user population to reinforce cyber security practice. IT Security training is also part of employee onboarding process.

The Board Audit Committee (BAC) interacts on a regular basis with the management on key elements of Cyber Security. This includes follow-up on remediation plans as advised by external consultants to strengthen cyber security posture across KE's IT and OT landscape.

The Cyber Security function reports regularly to the Chief Risk Officer on all aspects pertaining to its ambit. Two management committees oversee IT Governance and Cyber Security in the Organisation.

**ITG Cyber Security Steering Committee (CSSC)** comprises of senior management representatives from Cyber Security, Enterprise Business Services, IT Governance, and IT Infrastructure. They define IT Security objectives, align with enterprise policies, and business objectives to ensure IT Risks are timely identified, assessed, analyzed, reported and treated accordingly, so to monitor the effectiveness of ISMS implementation. They also align with KE Legal department to identify applicable laws, regulations and contractual requirements while ensuring adherence, adequacy and correctness of policy and procedure implementation of policies and procedures. Additionally, CSSC ensures that the Service Level Agreement (SLA) between ITG and the relevant departments, is agreed upon, incorporated and monitored as IT Security control requirements into the processes of other KE departments.

**The IT Steering Committee (ITSC)** is a senior management cross-functional committee appointed by the CEO to broadly achieve the following:

- Establish IT priorities for the business as a whole, based on the IT strategy of the Company
- Oversee major IT initiatives/programs of the Company and allocate resources accordingly
- Facilitate cross-company collaboration amongst participants to allow for smooth implementation

- Provide a forum for a coordinated approach to key IT initiatives

Cyber security works closely with IT and other units to:

- Provide leadership and direction for renewal of IS27001 cyber security management system certification which provides outline for appropriate disclosures to related parties for cyber security related information. The latest certification was achieved in May 2022.
- Lead and manage a Cyber Defense Command Center which is staffed and monitored 24x7x365, and focuses on monitoring key IT assets for cyber threats, verify potential attacks, triage, and to take remediation actions to mitigate detected cyber risks.

As IT services have become an integral part of business performance, a comprehensive IT Continuity / Disaster Recovery Plan is in place to assure that critical IT services can be re-established as quickly and effectively as possible from unforeseen disasters or emergency which may interrupt information systems and business operations.

As we continue to integrate digital technology into all areas of business, we have robust governance structures in place for a seamless and secure customer experience. Some of the initiatives include:

- Robotic Process Automation – successfully implemented in billing operations, the technology is being scaled up at an organization level as part of an operational excellence program
- WhatsApp for Business with over 50,000 users has increased internal efficiency,
- KE Live App's enhanced version has optimized user experience.
- Migrating core services on cloud platforms – SAP SuccessFactors, SAP Ariba, Office 365, and Oracle demand planning
- Partnerships with best-in-class global cloud providers like Microsoft & Amazon
- Mobility platforms with minimum coding requirements to provide on-the-go mobility to on-field and off-field workforce for use during energy audits and other field services
- Established Advanced Metering Infrastructure (AMI) is an integrated system of smart meters, communication networks, and a data management system for two-way communication between utilities and customers
- Implementation of Qlik Sense as we adopt latest reporting trends to ensure improved transparency and timely availability of information as well as AI-driven cloud analytics to empower users at all skill levels to uncover insights and take action when it matters.

# HEALTH, SAFETY, ENVIRONMENT & QUALITY

## Performance Safety Management Systems:

At KE a Safety-First culture is at the heart of what we do. To inculcate this culture, KE embarked on the implementation of Performance Safety Management Systems across all BUs in FY21. The System was introduced to provide focused interventions, address identified risks and system gaps, and to ensure proper alignment on safety objectives in the Organization. In FY21 a gap analysis of KE Safety Management System was conducted in collaboration with DuPont Sustainable Solution (DSS), with a vision to identify gaps and implement solutions for Safety-First across board. This year, 07 PSM elements were developed, and 2,736 staff were trained via 12,189 Manhours to implement the same on ground and to bring in the cultural change in the Organization. Company's HSEQ Policy and CHSEQ Manual were also revised this year, to ensure alignment with IFC performance standards, NEPRA Power Safety Code and PSM elements.

Safety Committees have been formed and function as per defined frequencies to discuss Safety performance, concerns, share incident lessons learnt and show visible management commitment towards safety.

## Behavioral Observations Program – (MSA) Management Safety Audit:

Management Safety Audits (MSA) play a pivotal role in building a safety culture in any organization. This is done by visible leadership interaction at shop floor, engagement of employees in dialogue over safety issues and necessary remedial actions. 2,111 Management Staff attended 39 MSA training sessions during the year and then carry out regular MSAs. During the year, 46,616 MSA were carried out to monitor compliance with national safety regulations and laws, company safety policies, departmental procedures, and standard best practices.

## Other Initiatives:

**Best Near Miss Award:** Near-Miss reporting highlights problems before they transform into an accident or property damage. To promote Near-Miss reporting culture across the Organization, Monthly awards are being distributed along with monetary prize, distributed by respective CXOs in Distribution, Generation, Transmission and Enabling Functions.

**Quality Assurance Management Function:** To ensure standardisation and enhance customer satisfaction, international standards and practices of Quality Management are implemented across KE through Quality Goals and Objectives, Manuals, SOPs, and Policies and Benchmarking.

**Business Continuity Planning and Summer/ Monsoon Steering Committee:** During FY-22, this committee conducted

26 meetings to ensure proactive Heatwave and Monsoon preparations. A Business Continuity Plan was developed at the corporate level and communicated to all Business Units and enabled critical material availability. Through this advanced planning KE's operational and safety performance saw significant improvements.

## Fire Safety

Regular monitoring is carried out to ensure all fire safety systems, including fire extinguishers, fire alarms, fire suppression systems and firefighting systems are in proper working order. In FY 2022, 92 fire safety inspections were carried out and more than 468 emergency response/fire drills were conducted.

## Employee Safety Initiatives:

- a. HSE – Orientation Training Program: CHSEQ conducted 13 classroom and 09 online HSE Orientation training sessions for new employees who joined the company during 2021-22
- b. Employee Safety Awards: To recognize employees for implementing best safety practices at work, monthly awards are given to employees across BUs in categories of Best Near-Miss Report, Safety Employee of Month, Safety Team of Month, Safety Promotional Activity and Safety Suggestion
- c. Emergency Preparedness: Emergency Evacuation and Fire drills are conducted regularly throughout KE. During FY22, total 468 emergency response/fire drills were conducted at KE locations on six-month frequency during day time as well as at night to test effectiveness of the process
- d. Leadership Visibility: More than 300 MSAs conducted by Leadership, Regional Heads, Cluster Heads, Departmental Heads to ensure visible commitment towards safety and to enhance employee motivation.
- e. Consolidated Risk Register: A comprehensive list of all operational activities were prepared and Risk Assessment of all these activities were carried out to identify hazards, assess their controls and a Risk Register was formulated. Scope of risk register covers all routine; non-routine and emergency activities being performed at work. All possible hazards are identified, assessed and controls are assigned to ensure reduction in risk as low as reasonably practicable.
- f. Life Saving Electrical Safety Rules: 7 steps of Electrical Safety were developed to ensure Safe System of Work in the field for employees and contractors.
- g. Pole Top Rescue training of PQC and OSP staff: To prepare for life-threatening emergency situations during work on HT & LT OH, where the victim would require rescue or help, 14 training sessions were conducted for OSP & PQC staff to guide them on the six essential steps: Evaluate, Protect, Climb, Determine, Get & Aid.

h. Monsoon initiatives: Robo calls (automated voice calls) of Leadership including CEO were prepared and broadcast to all Management and Non-Management staff of BUs. This was to ensure staff follows all Safety SOPs.



### Safety Week Celebrations

Celebrated across all KE Distribution locations in collaboration with NEPRA for KE employees and their families and launched Safety Workshop Program across the Company in alignment with Dupont PSM. 51 workshops trained 942 participants. A central repository database was also developed for sharing of information and enabling swift action in response to illegal encroachments of power network. Public safety awareness campaigns were also conducted to create awareness amongst public regarding the hazards related to electricity.

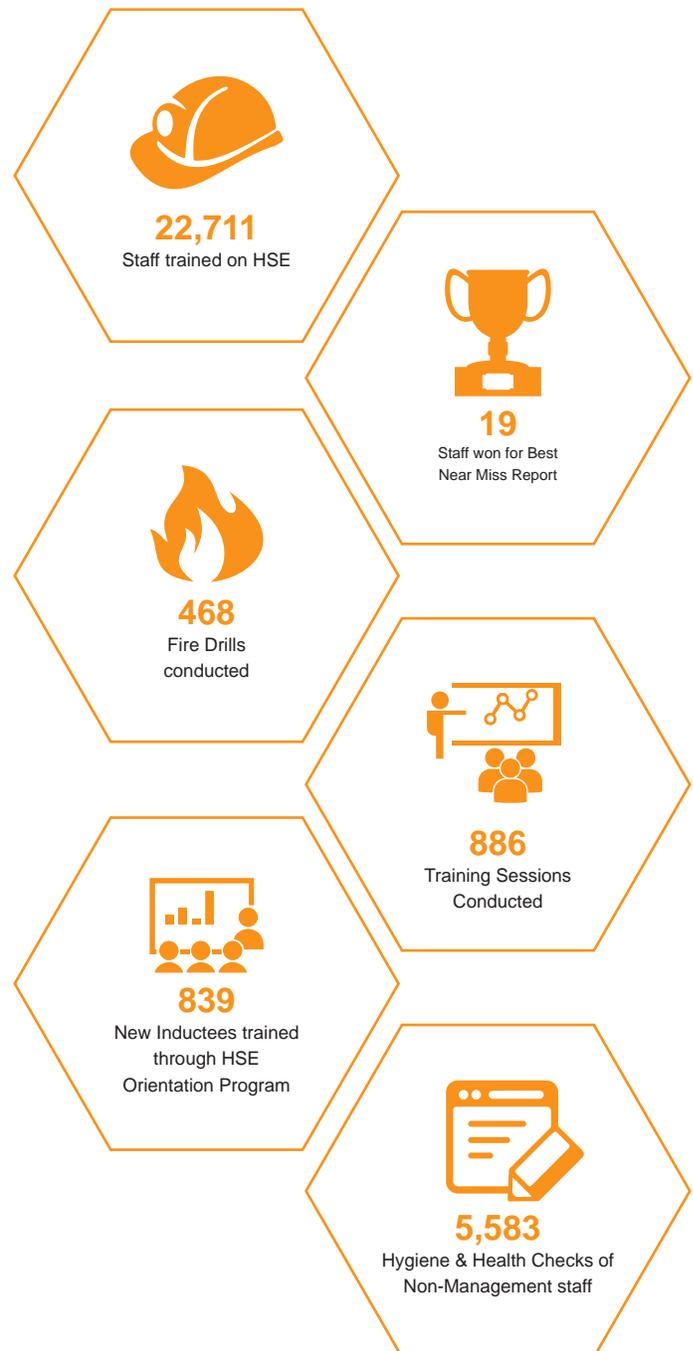
### Environment

KE ensures 100% compliance with the applicable environmental laws and regulations during planning, construction, and operation phases across Generation, Transmission and Distribution network. Environmental Impact Assessments are conducted for new projects. 07 NOCs were received from Sindh and Balochistan EPAs during FY22. Priority parameters are monitored at all power plants as per defined frequency by certified laboratories, compliance reports are submitted to the regulators in time. KE has established an Environmental Sustainability Management System (ESMS) Manual in line with ISO14001:2015 and British Five Star Environmental Sustainability Audit process. KE has developed 16 comprehensive environmental procedures in line with local legislation, IFC performance standards and international best practices. Environmental performance is measured and enhanced through internal Environmental Excellence Audits in

05 categories, and customized trainings for trainers on 14 specific topics respectively. KE has initiated carbon footprint calculation and is exploring opportunities for reduction and offsetting. KE has eliminated polychlorinated biphenyl from its system to comply with Stockholm Convention in partnership with Ministry of Climate Change Pakistan, United Nations Development Program and Global Environmental Facility.

### Trainings and Awareness Sessions

2,736 staff were trained on PSM elements and 19,975 were trained on other HSE topics. Total Man-hours were 78,360.



# ENVIRONMENTAL, SOCIAL, GOVERNANCE & SUSTAINABILITY MANAGEMENT

KE is aware that our role in the society goes beyond the ambit of supplying electricity to our consumers. To that end, we have developed an ESG Framework which is upheld by four pillars: Community Engagement, Environment and Sustainability, Social Investments and Diversity and inclusion. Under our framework, KE engages and educates the community through several programs which are also aligned with the UN SDGs.

## COMMUNITY ENGAGEMENT

During the year, through different community engagements, KE benefitted over 300,000 lives.

During FY22, our 30 Healthcare camps provided vulnerable communities with access to free healthcare and benefitted people through medical check-ups, consultations, medicines, and even referrals to hospital with provision for free specialized treatment or surgery. To enable access to clean drinking water, KE installed water filtration plants, bringing our total to 15 all over Karachi. To mitigate the impact of heatwaves in the city, we also distributed thousands of water bottles and ORS sachets through 11 heatwave relief camps across Karachi. In addition we undertook upgrade and rehabilitation of public spaces within communities including schools, parks and sports grounds.



## DIVERSITY AND INCLUSION

Empowerment of women in the communities we operate in is a key focus and has enabled us to benefit over 300 women.

In addition to continuing our award-winning and internationally recognised Roshni Baji programme, financial literacy Trainings were conducted for women in Ibrahim Hyderi & Korangi Creek, followed by women's mobility and independence initiative "Women on Wheels" via the Salman Sufi Foundation and self-defense trainings by the Sindh Judo Association.

### Roshni Baji program

Launched by KE in 2021, the Roshni Baji program is an award-winning women neighbourhood ambassador program initiated to enhance the connection between KE and its customers. Building on the insight that women and children in low-lying communities are more vulnerable to electrocution incidents inside homes due to faulty equipment and unsafe behaviors, female safety ambassadors go door-to-door demonstrating the importance of electrical safety, encouraging conversion to safer legal electricity connections as well as sharing tips on energy conservation.

While recognized for tapping into a key insight for creating a safe, comfortable environment for women to learn about critical safety precautions with ease, the Roshni Baji program has also emerged as a compelling example of women breaking barriers in the energy sector and opening up non-traditional paths to inclusion.

- ◆ 60 women incorporated in Roshni Baji phase 2 cohort
- ◆ 356,304 households educated on safety awareness
- ◆ 40 women graduated as Pakistan's first certified female electrician program



## ENVIRONMENT AND SUSTAINABILITY

With a vision to make Karachi's future greener and healthier, our environmental initiatives have benefitted over 3000 individuals.

As part of our contribution to SDG 7 - access to affordable, reliable, sustainable and modern energy for all, KE partnered with, NEPRA under its CSR drive "Power with Prosperity" along with other energy companies to co-create a Solar microfinance facility program with Akhuwat Foundation as the implementing partner. KE's contribution to the fund totals to PKR 7.5 million with 50 direct beneficiaries. Other initiatives include upcycling of paper and standee material and reuse of wood from discarded fishing boats as giveaways to support fishermen communities.



## SOCIAL INVESTMENTS

Supporting key organisations contributing to Karachi's progress has enabled KE to make a difference in the lives of over 3 million people.

### KHI Awards

KHI Awards is KE's flagship community uplift programme that partners with philanthropic entities and enables them through electricity rebates. Additionally, we contributed data storage systems to Indus Hospital and Health Network (IHNN) benefitting 850,000 patients annually. Our employees also contributed to the communities we operate in through blood donation drives and clothes donation efforts.





# SUSTAINABILITY, ENVIRONMENT, HEALTH, SAFETY & QUALITY CERTIFICATIONS

## Certifications For Stations

### Energy Management System ISO-50001:

All power plants: BQPS-I, BQPS-II, SGTPS, KGTPS & KCCPP

### Environment (ISO 14001:2015):

All power plants (BQPS-I, BQPS-II, SGTPS, KGTPS & KCCPP) & TSW

### Asset Management System ISO 55001:

BQPS-II, KGTPS, SGTPS, KCCPP

### Quality Management System (ISO 9001:2015):

All power plants (BQPS-I, BQPS-II, SGTPS, KGTPS & KCCPP), TSW, GSM&P, RE, Works, SCADA, Telecom & Meter department

### Health & Safety Management System ISO-45001-2018:

All power plants (BQPS-I, BQPS-II, SGTPS, KGTPS, KCCPP) & TSW

### Laboratory Management System ISO/IEC 17025:2017:

Meter Department

## Certifications for Green Infrastructure

### WWF Green Office Certifications:

BQPS-II, SGTPS and KCCPP

### Leadership in Energy & Environmental Design (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

# SWOT ANALYSIS

## S

### Strengths

- Entrenched service provision to 3.4 million customers
- Operational Transformation and strategic expertise
- Adequate network capacity to serve future growth in power demand
- Agile and competitive workforce as a result of continuous in-house learning and development opportunities
- Economies of scale

## W

### Weaknesses

- High cost of power due to non provision of gas by SSGC
- Interdependence on external stakeholders for execution of planned initiatives and operational performance
- Illegal encroachments / hook connections impede maintenance and cause safety hazards
- Low renewable footprint
- Uncertain landscape leads to difficulty in securing financing

## O

### Opportunities

- New regions to supply when the market is gradually liberalized
- Using data for predictive analytics for enhanced recovery and operational efficiencies
- Accelerate renewable projects for fuel mix diversification and cost optimization
- ESG projects to capture carbon credits

## T

### Threats

- Market share capture with the advent of open market regime
- Circular debt and non-paying consumers causing cashflows constraints
- Volatile gas markets leading towards expensive fuel mix given KE's heavy reliance on RLNG due to non-provision of indigenous gas by SSGC
- Uncertainty in supply from National Grid due to dependence on approvals from external stakeholders consequentially impacting demand-supply gap
- Unplanned development in the city and lack of urban development protocols

# PESTEL ANALYSIS

## Political

Political landscape both nationally and internationally remained profoundly volatile during the 2<sup>nd</sup> half of FY 2022. On the international front, fuel prices have been dependent on global geopolitical complexities and continued pressure on rupee impacted the overall sustainability of the power sector, which also transpired into policy making as well, bringing the implementation of policies towards the evolution of the power sector into question.

Sustainable transition towards competition through introduction of CTBCM and planned privatization of state-owned entities will play an important role in enhancing efficiencies, optimizing costs and in turn, attracting new investments in the power sector.

## Economic

The post Covid recovery has been encouraging, however it was significantly affected by the runaway inflation and severe pressure on rupee. Rising cost of living has seen even the most developed economies shaken by incredible demand shock on the back of “V-shaped” recovery of the global economy. With a tough economic situation on the horizon globally, economic factors would certainly be key players in decision making and sustainability for all sectors.

Power sector needs to be positioned for sustained growth and hence, circular debt along with operational, policy and regulatory matters need to be addressed effectively.

## Social

Pakistan is the 5<sup>th</sup> most populous country in the world. 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 urbanization, leading to growth in power demand.

Through investments in the Sarbulandi program and community engagements, the Company is geared-up to continue its load-shed reduction journey for its consumers even in the current challenging economic environment which will have a direct impact on socio-economic growth of the city.

## Technological

The technological priorities in the power sector are driven by energy efficiency, security, and innovation towards integrating clean energy like hydel and solar sources in the system by integrating smart IoT based hardware systems in the grid to manage the power and reduce unforeseen outages. Decarbonization initiatives are also speeding up use of energy efficient devices that will help in achieving reduction of its projected emissions.

Steps are being taken to integrate legacy grid systems with automated AI based systems to manage and monitor the power demand and supply across the country. Furthermore, battery storage technology is also reaching utility scale where several companies are entering in this space through proprietary software load management to better integrate renewables in the system.

## Environmental

Climate change is a global issue and given their large-scale impact, businesses have a responsibility to join the commitment to a more sustainable future. The Intergovernmental Panel on Climate Change (IPCC) has outlined goals for greenhouse gas emissions based on the Paris Climate Agreement. According to the agreement, CO<sub>2</sub>e (Carbon dioxide equivalent) emissions should be halved by 2030, and achieve the larger decarbonization objective.

One of the top environmental sustainability concerns at KE is climate change. Our environmental sustainability roadmap includes a plan for reducing Carbon Footprint.

At present, KE actively measures, monitors, reduces and reports its Greenhouse Gas (GHG) emissions for its Power Plants as part of CHSEQ Environmental Excellence Audits. This year KE’s approach will lead towards identification and collection of GHG emissions data from stationary and mobile sources across KE followed by Phase-II, in which we aim to establish baseline, develop action plan and achieve short-term targets such as working on ways to improve energy efficiency, deploying renewable energy and offsetting our CO<sub>2</sub>e emissions within next 12 months.

In long-term KE is looking forward to earning certified emission reduction (CER) credits to be eligible for ‘Gold Standard and Global Carbon Council (GCC) certification’ for its future projects/ initiatives.

Further 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

The regulatory landscape in Pakistan is set to change with the implementation of CTBCM model which aims to introduce a competitive wholesale electricity market across the country. Dry run of CTBCM has initiated with the grant of Market Operator license to CPPA-G.

CTBCM will be supplemented by the overarching approved National Electricity Policy 2021 as well as the National Electricity Plan which is currently under deliberations and will cater to transforming and developing all aspects and levels of the power sector value chain in line with the broad contours laid down in the National Electricity Policy 2021.

# RISK & OPPORTUNITY REPORT

Power sector is the backbone of economic activity and reliable electricity supply is critical for long term socio-economic stability. Being the only vertically integrated power utility company in Pakistan and supplying electricity to the largest metropolitan city, KE faces multifaceted risks and challenges. Cognizant of this fact, KE has invested in Risk Management capabilities, to enable timely identification and proactive management of key risks that may substantially affect the company's ability to create long term value and may considerably influence stakeholders' decisions.

At KE, the Board Audit Committee (under the authority delegated by the Board of Directors 'BoD') is responsible for ensuring the compliance and efficacy of the risk management framework,

supported by the company's executive management team. The company's risk management policy is commensurate with international best practices and our business strategy. The policy requires the identification, assessment and measurement, monitoring, treatment, and reporting of all major risks affecting the corporate objectives and core values and entails a sound risk management culture and environment across the company.

The risks, stated below, are continuously assessed, monitored, and managed by the company's executive management and BoD:

Risk	Strategic Priority Effected	How KE is managing this Risk
<p>Cash flow challenges due to delayed realization of Government dues, challenges of recovery from customers and deterioration in Macroeconomic Factors</p>	<p>Shareholders' Value, Stakeholder Management and Customer Centricity</p>	<ul style="list-style-type: none"> <li>• Broader stakeholder engagement to expedite realization of government dues</li> <li>• Implementation of disconnection policy and regular review of customer receivable balances with rigorous follow-up as well as continuously pursue opportunities for cost optimization</li> <li>• Introduction of various targeted recovery schemes for collection from non-paying customers</li> <li>• Exchange rate risk hedging of long-term foreign currency loans</li> </ul>
<p>Delays in Tariff approvals and disallowance of legitimate business cost</p>	<p>Shareholder Value, Customer Centricity and Stakeholder Management</p>	<ul style="list-style-type: none"> <li>• CAPEX and REVEX curtailment this year</li> <li>• Submission of next MYT petition to NEPRA, backed by robust tariff mechanism and investment plan with due validation by independent consultants</li> <li>• Regular interaction / engagement with NEPRA to implement regulatory framework in a manner that supports business viability, continued investments across the value chain and improved customer service</li> </ul>
<p>Disruptions in supply from National Grid and consequential impact on power supply position</p>	<p>Operational Excellence, Customer Centricity and Stakeholder Management</p>	<ul style="list-style-type: none"> <li>• 900 MW BQPS-III RLNG project to result in enhancement of own generation capacity</li> <li>• Rehabilitation of 220 kV Jamshoro / Jhimpir / KDA circuits for improved system reliability and enhanced power transmission capacity</li> <li>• Implementation of cross-trip scheme and operation of 220 kV in split mode</li> <li>• Availability of black start capability at KCCPP and islanding mode at BQPS-II and KCCPP</li> </ul>

<b>RISK</b>	<b>Strategic Priority Effected</b>	<b>How KE is managing this Risk</b>
<b>Fuel supply disruption impacting power generation</b>	Operational Excellence, Customer Centricity and Stakeholder Management	<ul style="list-style-type: none"> <li>• Active collaboration with GoP and SSGC for adherence to gas allocation policy and execution of long term GSA with SSGC</li> <li>• Fuel Supply Agreement for 150 MMCFD RLNG supply to Bin Qasim Power Complex signed with PPL</li> <li>• Investing in renewable energy and alternative fuels</li> <li>• Maintenance of optimum furnace oil stock reserves</li> </ul>
<b>Injury / loss of human life and damage to assets / infrastructure arising from any safety related incident</b>	Operational Excellence and Customer Centricity	<ul style="list-style-type: none"> <li>• Implementation of Process Safety Management (PSM) guidelines as per international best practices</li> <li>• Safety awareness campaigns through Media and CSR initiatives</li> <li>• Implementation of safety reward and reprimand policy</li> <li>• Pole to pole earthing and grounding as well as installation of running earth wire to prevent public safety incidents and strengthen KE network safety</li> </ul>
<b>Disinformation which may deteriorate brand image and loss of trust with stakeholders</b>	Stakeholder Management and Customer Centricity	<ul style="list-style-type: none"> <li>• Disseminating official company position on key areas of interest and actively countering disinformation</li> <li>• Monitoring of key media platforms to timely counter any disinformation</li> <li>• Active engagement with relevant stakeholders</li> </ul>
<b>Breach of KE sensitive and confidential information due to cyberattack</b>	Operational Excellence, including Technical Transformation and Digitalization	<ul style="list-style-type: none"> <li>• Dedicated Security Operations Center (SOC) for 24/7 security monitoring round the year</li> <li>• Compliance with ISO 27001 – Information Security Management System</li> <li>• Implementation of IT Controls to prevent unauthorized access to confidential information</li> <li>• Regular IT audits and trainings to minimize the risk of breaches and errors</li> </ul>
<b>Loss of trained and high potential employees</b>	People - Succession Planning and Employee Retention	<ul style="list-style-type: none"> <li>• Succession planning has been emphasized at all critical levels throughout the organization, together with culture of employee training and development</li> <li>• Various talent induction programs are also in place</li> <li>• Alignment of employees' compensation with market trend and norms</li> </ul>



# CORPORATE GOVERNANCE AND COMPLIANCE



# ATTENDANCE IN BOARD OF DIRECTORS' AND COMMITTEES' MEETINGS HELD DURING THE PERIOD, WHEN THE CONCERNED DIRECTOR WAS ON THE BOARD / COMMITTEE

Committees Director	BOD		BAC		BHR&RC		BFC		BS&PC		BRAC	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Adeeb Ahmad	7	7	-	-	-	-	-	-	11	11	-	-
Asad Ali Shah	7	6	7	7	-	-	-	-	-	-	1	1
Ch. Khaqan Saadullah Khan	7	7	7	7	4	4	3	3	11	11	1	1
Dr. Ahmed Mujtaba Memon	2	2	-	-	-	-	2	1	-	-	-	-
Dr. Imran Ullah Khan	2	-	-	-	-	-	-	-	-	-	-	-
Jamil Akbar	3	3	-	-	-	-	-	-	5	4	-	-
Khalid Rafi	7	7	7	7	4	4	-	-	-	-	-	-
Mark Gerard Skelton	4	1	3	1	-	-	-	-	6	5	-	-
Mubasher H. Sheikh	7	4	7	7	-	-	-	-	-	-	-	-
Muhammad Abid Lakhani	-	-	-	-	-	-	-	-	-	-	-	-
Naveed Ismail	7	3	-	-	-	-	1	1	-	-	-	-
Ruhail Muhammad	7	5	-	-	-	-	3	3	-	-	-	-
Sadia Khuram	7	5	-	-	-	-	-	-	-	-	-	-
Sajid Mehmood Qazi	3	-	-	-	-	-	-	-	-	-	-	-
Shan A. Ashary	7	7	-	-	4	1	3	3	11	7	1	1
Syed Moonis Abdullah Alvi	7	7	-	-	4	4	-	-	11	10	1	1
Waseem Mukhtar	7	4	-	-	-	-	-	-	11	11	-	-

## NOTE:

- \* No Board Meeting was held outside Pakistan by the Company during the year ended June 30, 2022.
- \* The last Meeting of Board Regulatory Affairs Committee was held on July 9, 2021. Subsequently, the Committee was discontinued by virtue of non-re-composition in Board's 1233 meeting held on August 11, 2022.
- \* The Board Audit Committee is also empowered for the governance of Risk Management of the Company.

# CORPORATE GOVERNANCE

## Board of Directors' Role

K-Electric's Board of Directors is fully cognizant of its accountability 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 1 Independent Director, 3 Government of Pakistan nominated Directors and 9 elected (non-executive) Directors including 1 Female Director, representing KES Power Limited (KESP) which is the holding company of KE. The Board of Directors was last elected by the shareholders at the EOGM of the Company held on July 29, 2022 for a three-year term.

The Board of Directors of the Company comprises professionals with extensive experience in local and global markets. The Board members are fully aware of their primary responsibility to safeguard and enhance shareholders' value and stewardship of the Company's assets and set the main focus on strategic direction, key policy framework. They also provide oversight in the governance, management and control of the Company's long-term business plan, set goals and objectives while formulating policies and guidelines towards achieving those goals and objectives and ensuring the adoption of best practices of good corporate governance.

Further, the Board is fully aware of its role on the responsibility and authority matrices of the management and the shareholders. The delicate balance is kept intact by not getting involved 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 the 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 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.

The role and responsibilities of the Board have significantly enhanced with the enforcement of Companies Act 2017, Listed Companies (Code of Corporate Governance) Regulations, 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 cognizant of its duties and responsibilities and in order to achieve the said objective, has constituted a number of Directors' Committees, listed on the Company Information page, to oversee entire functional ambit of the Company and submit objective recommendations for consideration of the Board. Furthermore, an independent external consultant (namely Pakistan Institute of Corporate Governance) had been engaged to evaluate performance of the Board, Board committees and individual Directors to help improve the role of the Board in achieving the strategic objectives of the Company.

A Board-approved remuneration policy for Non-Executive Directors is in place, which is in line with the regulatory framework and appropriate disclosures of the actual fees paid are available in the notes to the financial statements.

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

KE's Board members and management team believe in owning best Corporate Governance practices and presenting 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 conducts analyst briefings on regular basis, during every financial year. Whereas, Annual Report of the Company contains, in addition to legal disclosures, comprehensive non-legal disclosures as a facilitation for those who may require information about the Company.

The Chairman and members of the Board Audit Committee attend Company's Annual General Meeting(s) to answer questions on the Audit Committee's activities and matters within the scope of the Audit Committee's responsibilities. External Auditors of the Company are also present at AGMs to assist the shareholders.

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)

Internationally recognized best practices of good corporate governance put key emphasis on importance of separating the functions of Chairman and CEO.

The Board of Directors of K-Electric firmly believes in and pursues, in letter and spirit, standards and policies laid down under global best practices of good corporate governance. The Board fully understands the importance of separating the

functions of the Chairman and CEO. Therefore, corporate policy of the Company which has been in place for about two and half decades and requires to elect separate persons for the positions of Chairman and CEO, is observed in letter and spirit. The Company has, therefore, been compliant with the said practice, well in advance, of the direction issued under the relevant provisions of Companies Act, 2017 and CCG 2019. Further, to pre-empt any overlap, the respective roles and responsibilities of the Chairman and CEO are distinctly and clearly defined pursuant to the provisions of the Companies Act, 2017 and CCG 2019.

The Chairman is appointed from amongst Non-Executive Directors and his/her responsibilities as provided in the applicable regulatory framework are being followed. The core responsibility of the Chairman is to provide 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 uphold interest of all stakeholders and provide value addition to the strategic assets / investment of the Company. The Chairman presides over the Board and shareholders' meetings and further ensures that the Directors are kept abreast and updated of all the significant issues; policy matters that are required to be considered and decided at the Board level are presented to the Board; Board's decisions are implemented in a timely manner and that the views of the shareholders are communicated to the Board.

The annual Board performance evaluation exercise includes an evaluation of the Board collectively as well as of individual Directors, Chairman and the CEO. Evaluation process is based on Director's responses on various questions relating to composition, the Board's and CEO's compensations, procedures, interactions, information, Committee performance/ constitution and control environment. The Chairman evaluates the performance of individual Directors on the basis of attendance in Board and its Committee meetings, level of participation and value addition through suggestions and recommendations. The Board has engaged an independent professional consultant to undertake performance evaluation of the Board, its committees and individual directors to check any oversight by the Chairman over Board's performance. Further, the Chairman meets and consults the Directors, especially non-executive and independent ones on a regular basis to deliberate key issues including corporate governance, performance of the Company and conducive environment enabling the Directors to fulfil their fiduciary duties.

As far as the role and responsibilities of CEO are concerned, these are primarily based on the premise that CEO is ultimately responsible for leading the management, in operational performance of the Company, handling day-to-day affairs and more importantly enforcing, in letter and spirit, the policy guidelines, direction, strategies and business plans approved by the Board. Identification and management of potential risks facing the Company and custody and maintenance of

Company's properties, assets, records and accounts pursuant to the statutory and company policies, statutes, guidelines and standards, also covered in the ambit of CEO's role and responsibilities.

Further, 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 ensures smooth functioning of the business and customer satisfaction, and at the same time ensures optimal utilisation of Company's resources and effective implementation of internal controls. CEO as a part of his responsibilities updates the Board, on regular basis on key performance indicators, business updates, major projects, litigations and initiatives, governance and other issues and challenges facing the Company and, to suggest the way forward to align and achieve strategic objectives and materialise business plan of the Company and create value addition to shareholders investment.

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

The foregoing, clearly evidences Company's compliance to have the functions of Chairman and CEO in separate persons.

### Board's Performance Evaluation

Core competencies and timely decision-making at the level of the Board of Directors of a company plays critical role in setting the Company in right direction to achieve its key objectives and ultimately determines the future of the company and its positioning among the other entities operating in the sector and region. KE's Board of Directors is fully cognizant of critical importance of its role and, therefore, invariably places main emphasis on setting strategic direction and realizing long-term objectives of the Company and 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 recognized best practices of good corporate governance. Hallmarks and core ingredients of Board's vision and strategic policy is to provide upfront leadership and setting high-performance standards and values. In order to achieve this core objective, the Board ensures that a team of professional management in all business segments including finance, technical and others, is always in place under the supervision of the Board. Alongside, the Board in line with international standards and practices, believes in having 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 an integral component of the performance evaluation process, the Board has 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 and others. Further, the Board Human Resource & Remuneration Committee (BHR&RC) is mandated by the Board to undertake on annual basis 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 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 is shared with the Board Annually.

Board's performance evaluation is fundamentally judged on how effectively and efficiently the Board as a body discharges its prime responsibility to safeguarding and enhancing shareholders' value, and setting policy framework, strategic direction, oversight, control and good corporate governance. Further in view of the fact that KE is a public utility in 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 which include 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 judgmental criteria and benchmark for performance evaluation of the Company and the Board.

Alongside an informal yet effective mechanism for the Board's performance evaluation, is in place which is essentially based on overall performance of the Company, implementation of strategic policies and 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 and 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 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 duly 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 meeting's decisions enabling the Board to evaluate effectiveness of its role and to

take any additional rectification measure. The consultation process 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. At the same time, 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 at the level of the Board Audit Committee and 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 focus and more efforts to strengthen Board's role in the successful achievement of strategic objectives and implementing long-term business plan of the Company to benefit all stakeholders. Simultaneously, direct interaction and discussions of the Board members and management team 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 and external objective evaluation of Board's performance mechanism with periodical review is fully in place.

### CEO's Performance Review by the Board

The Board of Directors of every company is primarily concerned and sets its main focus to materialize business plans and achieve operational, financial and strategic objectives of the Company in short, medium and long-term perspective. This invariably is the prime and cogent objective and ultimately determines success or otherwise of the performance of the Board itself to ensure successful, commercially viable and sustainable operations of the company.

CEO holds key position in the Company and his role and responsibilities are critically important having significant impacts over the performance of the Board and the Company in context of the above narrated key performance indicators and value addition to the strategic assets of the Company.

The key function and responsibility of CEO is to effectively liaise between the Board and the management and to ensure meaningful communication on regular basis between the Management, the 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, therefore, critically reviews the appointment criteria and performance of CEO. 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 utilization of the Company's resources and effective and timely implementation of Board's decisions, internal controls and improving operational and financial performance of the Company which ultimately determine the CEO's performance level.

The CEO's KPIs used to be discussed at length by BHR&RC on annual/need basis. In the light of current developments and challenges facing the Company, especially in the wake of post-regulatory /exclusivity regime scenario from July 2023 when the current MYT will conclude, CEO's KPIs are also extensively discussed at the level of Board indicating the importance the Board places on CEO's performance and the overall performance of the Board and the Company.

CEO's appointment is approved by the Board for a three-year term. BHR&RC is further mandated to conduct CEO's performance evaluation for consideration of the Board. Simultaneously, 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 judgmental analysis tool to measure performance of the Company and role of CEO, thereof. The CEO provides leadership to the management team in achieving the set 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. In every Board meeting, a business update is presented to the Board by CEO and KE leaders encompassing operational and financial performance of the Company and key issues, major projects, opportunities and challenges facing the Company. Suggestions for the way forward are shared and the Board's guidance is sought to address issues that uphold the interest of the Company. The Board critically reviews the implementation report on its earlier decisions and objectively analyses achievements or delays / in terms of timelines, cost estimates and benefits to the Company in context of CEO's performance evaluation in achieving the strategic direction and targets set by the Board.

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 an extremely difficult operational and financial situation; 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. Mr. Alvi was elected as a director at the EOGM held on 29 July 2022 and was re-appointed as the CEO with effect from 30 July 2022. CEO's performance evaluation by the Board, as a matter of fact, is valuable guidance and support of the Board to management actions, enhances trust level, transparency, and inculcates a collective decision-making process to improve Company's

performance and strategic value addition to benefit all stakeholders. It is pertinent to emphasize that review and approval of Company's annual audited financial statements by BAC and BOD are essentially CEO's performance review as this is predominantly based on objective comparison of actual results and present objective comparison with preset strategic, operational and financial goals, and effective implementation of strategic decisions and policies of the Company / Board. Company's overall performance, governance structure and control environment are sufficiently covered under observations and findings of BAC and report of statutory auditors on financial statements and CCG compliance which amplifies the level and effectiveness of CEO's performance and assist the Board in conducting his performance review in an objective manner.

The foregoing clearly indicates that a comprehensive multipronged mechanism of CEO's performance evaluation in context of achieving strategic objectives of the Company, is in place with a review and monitoring process on regular basis.

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

K-Electric Board of Directors and Management believes in open dialogue on integrity and responsibility in its interaction with its employees. In order to inculcate the said culture and inter communication process, the Company created a direct communication bridge between the leadership and the employees by way of introducing and pursuing various communication mediums which include confidential email address, PO BOX and a hotline. Employees of the Company can directly report misconduct or any unethical practice through these mediums, for which disclosure of names is not mandatory. KE employees are also encouraged 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. The Policy further envisages that investigation on all alleged breaches of its code is duly undertaken and appropriate measures are applied when complaints turn out to be substantiated during investigation process.

### **Risk Management**

Risk Management Policy at K-Electric is based on the philosophy of creating economic value by balancing risks and opportunities. The policy is set by the Board of Directors (BoD), which complements the setting and execution of business strategies. Under the authority delegated by the BoD, Board Audit Committee (BAC) is responsible for ensuring the compliance and efficacy of the risk management framework, with support from the company's executive management team.

Risk Management function of the Company has strengthened risk culture across the company by implementing a robust Enterprise Risk Management Framework in line with best practices. This is leading the company towards strategic risk management approach.

## Business Continuity Plan

The Board of Directors and the Management on a regular basis assess, review, and manage technology and information security and operating risks faced by the business. Notwithstanding that, mitigation strategies are implemented for all identified risks, the Organization is working on a holistic Business Continuity Plan (BCP). The BCP is designed to minimize the impact of disruptions by adopting suitable disaster mitigation strategies covering the business units and their support functions.

## Disaster Management Plan

A well-documented and comprehensive Disaster Management Plan (DMP) has been prepared and maintained by the Management to ensure availability of critical services, systems and process in disaster situations. DMP is regularly checked and updated on testing drills and exercises conducted throughout the year. The Organization does have disaster management plans in place for all critical business operations of the Company including IT, distribution, transmission, generation and finance.

## Policy for Safety of Company Records

The inception and rapid development of Information Technology (I.T.) infrastructure especially during over the last four decades has greatly facilitated the companies established during this time period to upfront automation of Company's records from the date of incorporation.

Availability of soft records from the date of incorporation has made exercises, of safety, preservation and easy access to/availability of constitutional, legal and corporate records and to fulfill prime requirement and statutory responsibility, quite easy for the companies incorporated during last four decades.

However, for K-Electric the situation and compliance to the statutory requirement is quite cumbersome, considering the fact that it is a 109 years old Company incorporated in 1913 and consequently carries historical and valuable records from over a century period. The records cover various arenas from pre-partition, post-partition to nationalisation and privatization, spreading over substantial periods when IT facilities were non-existent and records had to be maintained in physical form. Moreover, 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 aware of critical importance associated with the exercise which duly reflects in the policy of the Company for safety of records which is fundamentally designed to preserve the essential documents for periods beyond the statutory time limits set under the Companies Act, 2017 and applicable Regulations. The periods when electronic means and facilities were non-existent are larger enough almost 70 years as compared to 40-year period of IT facilities. Therefore, most of the Company records are 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 is primarily based on defining and identifying essential documents in consultation with relevant stakeholder / owner of the specific documents and then moves to 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.

Document identification and categorization process is predominantly based on active and meaningful engagement of all the functions and departments across the Company relating to their specific activity area. Based on the aforesaid identification and categorization process, valuable original property title documents, constitution documents, key agreements, statutory registers and others are prioritized 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.

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

Equity base of the Company is funded through investment by shareholders of the Company as well as the prospective investors who at appropriate time opt to invest in the Company especially at the time of fresh issue of shares or through right issue(s).

K-Electric assigns high value to equity investment by the shareholders and prospective investors who collectively constitute the capital base of the Company enabling formation and sustainable operation of the Company. Therefore, Investors' Relation policy is among key policies of the Company. The policy is primarily based on Company's recognition to valuable equity contribution of present and prospective investors and aims to set a uniform standard and emphasis, irrespective of quantum of investment.

As an integral component of the policy, the Company informs and updates, on a regular basis, the shareholders and investors on Company's affairs and in order to achieve the said objective; the Company maintains and updates a comprehensive website and "Investors Relations" segment on the website which is essentially designed to provide shareholders and investors with current 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, as a matter of fact, provides information over and above the regulatory framework of SECP /PSX whereas, instant updates are the hallmark of the policy to help make timely investment decisions.

It is fully ensured that all material and price sensitive information and disclosures are immediately updated on Company's website and simultaneously statutory corporate announcements through SECP and PSX channels are made. Furthermore, specific queries of the shareholders and investors including grievances and requests for information/documents are responded by Corporate Affairs Team in a professional and proactive manner. Alongside, in order 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 particulars of the contact person of the Company. At the same time, internal controls and monitoring mechanism are in place to check & confirm that prioritized attention is given to personal, telephonic, email and written requests /suggestions of the shareholders and/or prospective investors and letters received through SECP or PSX and prompt resolution and response to the concerned is ensured within a reasonable time.

Shareholders' queries / suggestions presented at general meetings of the Company are given due importance and recorded in the minutes of the meeting for consideration for management of Company's affairs in a consultative manner.

### **Conflict of Interest Policy**

Notwithstanding, all key elements, policy framework and apex quality Board of Directors in place, the performance of a company in achieving its strategic objectives and sustainable operational & financial improvement, will remain at stake in the absence of a robust mechanism of managing and addressing conflict of interest issues. Therefore, Conflict of Interest Policy (CoIP) is at the core of best practices of good corporate governance across the world. CoIP rightly enjoys international recognition confirming that a comprehensive CoIP is a fundamental prerequisite to ensure transparency in awarding major contracts and key agreement in the sole interest of the Company and its stakeholders without being influenced by individual interest of internal /external elements, KE's Board of Directors firmly believe in a structured conflict of interest policy and has assigned the highest priority to this policy. It is pertinent to emphasize that the real benefit of the said policy can only be achieved on enforcement of the policy in letter and spirit across the Company. The policy invariably encompasses identification, disclosure, monitoring and managing conflict of interest relating to Board members and officers of the Company. The Corporate Regulators were also fully cognizant of importance of CoIP and provided clear direction and guidelines in the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations 2019. The Company's policy is fundamentally driven through the above statutes, whereas KE specific issues and the environment in which the Company is operating, have

also been incorporated aiming to further strengthen the policy. The Board approved the policy after extensive discussions at management and BHR&RC levels and also 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 managing and addressing the conflict of interest issues and therefore made the policy an integral part of good corporate governance framework.

The conflict of interest policy of the company 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. The policy requirements are observed in letter and spirit.

Simultaneously, it is also mandatory for every officer of the Company, who is in any way, directly or indirectly, concerned or interested in any contract or arrangement with the Company, to submit a signed notice of interest disclosing his/her interest as above and obtain approval of the Board prior to entering into any such contract or arrangement. The policy also requires that discussion/decision on every notice of interest submitted by a 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. Moreover, as a part of statutory requirement, all transactions with related parties are duly approved by the Board Audit Committee and Board of Directors and disclosed in the financial statements of the Company which further ensures that Conflict of Interest Issues are properly managed and addressed.

# 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 resource 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.

# REPORT OF THE BOARD AUDIT COMMITTEE

For the year ended June 30, 2022

## Composition

The Board Audit Committee (BAC) currently comprises of 5 Non-Executive Directors and 1 Independent Director who is also Chairman of the BAC. These Committee members possess sufficient business and commercial knowledge and have extensive experience in the field. More than one member is financially literate as required under the Code of Corporate Governance.

## 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. Further, the evaluation of the Audit Committee members was carried out during the year as part of the overall evaluation of Board performance, details of which are mentioned in the Directors' Report.

## Committee's Procedures

The Committee reviews the Company's financial performance, key performance indicators and reports of internal audit. The significant accounting policies and significant issues in relation to the financial statements are also discussed by the Committee with the CFO and the external auditors, including how these issues were addressed. The Committee met seven times during the financial year ended June 30, 2022. In compliance with the corporate governance guidelines, the Committee meets the 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 and has direct access to the Committee. The IAD is governed by an IA charter duly approved by the Committee, which describes the purpose, authority, responsibility and reporting relationship of IAD.

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

The Committee monitors the effectiveness of the IA function through discussions with Chief Internal Auditor along with the review of matters arising from the IA reports. The Committee on the basis of IA reports reviews the adequacy of internal controls and discusses corrective actions in the light of Management responses. This review allows the Company to improve controls and compliance in areas where weaknesses are identified.

The Company has established a Whistle Blowing Committee which is headed by Chief Internal Auditor and reports to Board Audit Committee. It 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 has reported 30 whistle blowing incidences to the Committee during the year ended June 30, 2022.

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

Under the authority delegated by the Board of Directors, BAC is responsible for ensuring the compliance and efficacy of the risk management framework, with support from the company's executive management team. Company's Risk Management Function supports holistic view of company-wide risks and their effective management at the enterprise level.

## External Audit

The current external auditors of the Company, M/s A.F. Ferguson & Co. have been engaged since last six years. 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, 2022. 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. The Committee assessed the Company's Financial Statements as fair, balanced, and understandable, providing sufficient information to enable the shareholders to assess the Company's position, performance, business model and strategy.

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, the length of time the firm has been engaged for, and whether the objectivity and independence of the external auditors is safeguarded considering the non-audit services it is providing. 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, 2023.



Mr. Saad Amanullah Khan  
Chairman, Board Audit Committee

Date: September 20, 2022

# STATEMENT OF COMPLIANCE

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

## For the year ended June 30, 2022

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

1. The total number of Directors as at June 30, 2022 are 13 as per the following:

a. Male: 12                      b. Female: 1

2. The composition of the Board as at June 30, 2022 is as follows:

i. Independent Director	1
ii. Non-Executive Directors	12 (including Female & Independent Director)
iii. Executive Director	1
iv. Female Director	1

The Company has one (1) independent director instead of one third of the total members of the Board as required by these Regulations. The matter of relaxation from the requirements of these Regulations is pending consideration at Hon'ble Islamabad High Court.

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 the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. As at June 30, 2022, out of thirteen (13) directors on the Board, six (6) directors have acquired the Directors Training Program (DTP) certification, 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), Company Secretary (CS) and the Head of Internal Audit (HoIA). Revision in the remuneration of the CFO, HoIA and the CS for the year ended June 30, 2022 was made as per the Company policy in line with their terms of appointment.
11. Chief Executive Officer (CEO) and CFO have duly endorsed the financial statements before approval of the Board.
12. As at June 30, 2022, the Board had formed committees comprising of members given below:

### a. Board Audit Committee (BAC)

1	Khalid Rafi, Independent Director	Chairman
2	Ch. Khaqan Saadullah Khan	Member
3	Mubasher H. Sheikh	Member
4	Asad Ali Shah	Member
5	Mark Gerard Skelton	Member

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

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

**c. Board Finance Committee (BFC)**

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

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

1	Ch. Khaqan Saadullah Khan	Chairman
2	Adeeb Ahmad	Member
3	Mark Gerard Skelton	Member
4	Shan A. Ashary	Member
5	Syed Moonis Abdullah Alvi, CEO	Member
6	Waseem Mukhtar	Member

**e. Board Regulatory Affairs Committee (BRAC)**

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

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

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

Committee		Number of meetings				
		Q1	Q2	Q3	Q4	Total
a.	Board Audit Committee (BAC)	2	2	2	1	7
b.	Board Human Resource & Remuneration Committee (BHR&RC)	1	1	-	2	4
c.	Board Finance Committee (BFC)	1	1	-	1	3
d.	Board Strategy & Projects Committee (BS&PC)	3	2	1	5	11
e.	Board Regulatory Affairs Committee (BRAC)	1	-	-	-	1
	<b>Total</b>	<b>8</b>	<b>6</b>	<b>3</b>	<b>9</b>	<b>26</b>

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 the 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 are 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 CEO, CFO, HoIA, CS 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. The related party transactions for the year ended June 30, 2022 have been recommended for approval of the Board of Directors by the Board Audit Committee subsequent to the year-end following which these transactions were approved by the Board of Directors.

19. 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 matter stated in paragraph 2 above.

For and on behalf of the Board of Directors,



**Mark Gerard Skelton**  
Chairman



**Syed Moonis Abdullah Alvi**  
Chief Executive Officer



A.F. FERGUSON & CO.

**INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of K-Electric Limited**

**Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 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, 2022 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, 2022.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

S. No.	Reference	Description
(i)	Paragraphs 2 & 19	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.

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

Date: September 30, 2022

UDIN: CR2022100808a1IPGvzZ

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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\* KARACHI \* LAHORE \* ISLAMABAD

# STATEMENT OF COMPLIANCE

With the Shariah Governance Regulations, 2018

For the year ended June 30, 2022

This Statement of Compliance (the Statement) for the year ended June 30, 2022, 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).

K-Electric Limited (the Company) is in compliance with the Shariah requirements in accordance with the Regulations for the financial arrangements, contracts and transactions, entered into by the Company in respect of the Islamic instruments (the Instruments) as tabulated below:

S. No.	Name of Instrument	Issue size (PKR Mn)	Date of Issuance	Date of settlement
1	Sukuk 5	25,000	3-Aug-20	3-Aug-27
2	Islamic Commercial Paper- 21	4,500	22-Sep-21	22-Mar-22
3	Islamic Commercial Paper- 22	4,500	07-Oct-21	07-Apr-22
4	Islamic Commercial Paper- 23	5,000	04-Nov-21	04-May-22
5	Islamic Commercial Paper- 24	5,000	16-Nov-21	16-May-22
6	Short Term Sukuk - 1	4,500	04-Feb-22	04-Aug-22
7	Short Term Sukuk - 2	4,500	15-Feb-22	15-Aug-22
8	Short Term Sukuk - 3	4,500	01-Mar-22	01-Sep-22
9	Short Term Sukuk - 4	4,500	25-Mar-22	23-Sep-22
10	Short Term Sukuk - 5	5,000	13-Apr-22	13-Oct-22
11	Short Term Sukuk - 6	5,000	27-Apr-22	27-Oct-22

We also confirm that:

- The Company has established procedures and processes for the transactions to comply with shariah requirements of the Instruments.
- 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 shariah requirements of the Instruments, 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 shariah requirements of the Instruments are properly trained and systems are properly updated.

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

- rules, regulations and directives issued by the SECP;
- pronouncements of Shariah Advisory Board;
- Shariah Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions, as adopted by the SECP;
- 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 instruments 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 28, 2022

# SHARIAH REVIEW REPORT FOR K-ELECTRIC SUKUK 5

**Under Shariah Governance Regulations, 2018**

**For the year ended June 30, 2022**

In pursuance to sub-regulation (3) of regulation 20 under SECP, Shariah Governance Regulations, 2018, this Shariah Review Report is for the year ended 30-06-2022, with reference to KE Sukuk 5 amounting to PKR 25 Billion having tenure of 7 years, with redemption in 20 quarterly installments, and quarterly profit payment at three months KIBOR plus 1.70%.

This Shariah Review Report was concluded after a detailed review of the relevant documents, procedures and Shariah guidelines, mechanism and Sukuk structures.

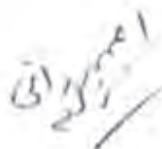
- (a) in our opinion, the transactions, relevant documentation and the procedures adopted have been in accordance with principles of Shariah;
- (b) in our opinion, the affairs have been carried out in accordance with rules and principles of Shariah, and specific Shariah opinion issued by the Shariah 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:



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Mufti Muhammad Yahya Asim  
Shariah Advisor



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Dr. Ejaz Samadani  
Shariah Advisor



---

Dr. Muhammad Zubair Usmani  
Shariah Advisor

Date: July 4, 2022

# SHARIAH REVIEW REPORT FOR ISLAMIC COMMERCIAL PAPERS (ICP-21 & ICP-22)

Under Shariah Governance Regulations, 2018

For the year ended June 30, 2022

In accordance with the shariah governance regulations, 2018 issued by Securities & Exchange Commission of Pakistan (SECP), annual shariah review report is required for the K-Electric rated, privately placed, unsecured Islamic Commercial Paper issue of PKR 4,500 million (ICP-21) & PKR 4,500 million (ICP-22), as per the approved shariah structure of the transaction.

- (a) in my opinion, the transactions, relevant documentation and the procedures adopted have been in accordance with principles of shariah;
- (b) in my opinion, the affairs have been carried out in letter and spirit in accordance with rules and principles of shariah, and specific shariah opinion issued by the me from time to time; and
- (c) in my opinion, no charity for any earnings that have been realized from sources or by means prohibited by shariah was credited to the charity.

After review of the details as per approved shariah structure shared by the issuer, i am of the opinion that:

- fuel and stores & spares are being maintained and are more than 33% of the respective ICP issue amounts
- line/distribution losses are under 19% for ICP-21 & ICP-22 till maturity in the calendar period ended month on 22<sup>nd</sup> March 2022 and 7<sup>th</sup> April 2022 respectively which is the approved threshold mentioned in the shariah structure. The actual line losses will have to be accounted for while calculating profit & loss of musharakah business as mentioned in shariah structure
- the shariah advisor opinion on ICP-21 & ICP-22 is formed till the maturity period ended on 22<sup>nd</sup> march 2022 and 7<sup>th</sup> of April 2022 respectively on the financial information disclosed by ke



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Mufti Ovais Ahmed Qazi  
SECP registered shariah advisor  
Registration No.: SECP/IFD/SA/040

Date: August 18, 2022

# SHARIAH REVIEW REPORT FOR ISLAMIC COMMERCIAL PAPERS (ICP-23 & ICP-24)

**Under Shariah Governance Regulations, 2018**

**For the year ended June 30, 2022**

Shariah Compliance Review was carried out to assess the effectiveness and compliance with the two Islamic Commercial Paper issuances (ICP-23 & 24). The issue date for both ICPs was November 4, 2021 and November 16, 2021. In this regard, the Shariah Compliance Review period is from November 4, 2021 to June 30, 2022.

The Shariah Compliance Review of both ICPs was carried out in light of the following:

1. Shariah Structure and corresponding transaction documents of both ICPs were duly approved by the Shariah Advisor
2. Shariah Compliance Guidelines/Regulations issued by Securities & Exchange Commission of Pakistan
3. Details of the utilization of proceeds of ICP

After review of the details shared by the issuer, I am of the opinion that:

- The procedures adopted and the transaction documents are being followed according to dictates of shariah and in accordance of the shariah principles as laid out in the approved shariah structures
- The affairs of the Company in issuance of shariah compliance securities were in accordance with dictates of shariah to the best of my knowledge
- Fuel and stores & spares are being maintained and are more than 33% of the respective ICP issue amounts
- Line/Distribution Losses are under 19% which is the approved threshold mentioned in the shariah structures
- The proceeds have been utilized for the purpose mentioned in the shariah structures and have not been utilized for any shariah non-compliant purpose through which any shariah non-compliant income can be generated and subsequently included in the Shirkat-ul-Aqad profit shared with investors



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Ameerullah Khan  
SECP Registered Shariah Advisor  
Registration No. SECP/IFD/SA/104

Date: August 16, 2022

# SHARIAH REVIEW REPORT FOR SHORT TERM SUKUKS (STS-I, STS-II & STS-III)

**Under Shariah Governance Regulations, 2018  
For the year ended June 30, 2022**

In accordance with the Shariah Governance Regulations, 2018 issued by Securities & Exchange Commission of Pakistan (SECP), Shariah Review is required for the Rated, Unsecured, Privately Placed Short Term Sukuk (STS—I,II,III) of up-to PKR 4,500 million each, a Shariah Compliant Security issued by K-Electric Limited, in light of the approved Shariah Structure of the transaction.

In light of the above, I confirm that the transaction documents/the relevant documentation and the procedure adopted are in accordance with the shariah principles as laid out in the approved shariah structure.

I confirm that the affairs of the company in issuance of the shariah compliant instrument were in accordance with the rules and principles of shariah to the best of my knowledge.

Furthermore, I confirm that for the purpose of this shariah compliant instrument no non-shariah compliant income will be accounted for in the calculation of Shirkat-ul-Aqad profit which will be further distributed to the sukuk holders.

Regards,



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Mufti Bashir Ahmad  
CNIC No. 11201-3426971-7  
SECP/IFD/SA/059

Date: July 6, 2022

# SHARIAH REVIEW REPORT FOR SHORT TERM SUKUKS (STS-IV, STS-V & STS-VI)

**Under Shariah Governance Regulations, 2018**

**For the year ended June 30, 2022**

In pursuance to sub-regulation (3) of regulation 20 under SECP, Shariah Governance Regulations, 2018, this Shariah Review Report is for the year ended 30<sup>th</sup> June, 2022, with reference to K-Electric Short Term Sukuk IV, V & VI amounting to PKR 4.5 billion, PKR 5 billion & PKR 5 billion respectively having tenor of 6 months with redemption on spread of six month KIBOR plus 0.85%, 0.95% and 0.9% respectively.

This Shariah Review Report was concluded after a detail review of the relevant documents, procedure and shariah guidelines, mechanism and Sukuk structures.

- (a) In my opinion, the transactions, relevant documentation and the procedures adopted have been in accordance with principles of shariah;
- (b) In my opinion, the affairs have been carried out in accordance with rules and principles of shariah, and specific shariah opinion issued by the shariah advisor from time to time; and
- (c) In my 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.



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Mufti Muhammad Abdullah  
SECP Registered Shariah Advisor  
Registration No.: SECP/IFD/SA/115



A.F. FERGUSON & CO.

**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, 2022**

**Scope of our Work**

We have undertaken a reasonable assurance engagement to express a conclusion on K-Electric Limited's (the Company) status of compliance with the Shariah requirements of Sukuk-5, Short Term Sukuk-1, Short Term Sukuk-2, Short Term Sukuk-3, Short Term Sukuk-4, Short Term Sukuk-5, Short Term Sukuk-6, Islamic Commercial Paper-21, Islamic Commercial Paper-22, Islamic Commercial Paper-23 and Islamic Commercial Paper-24 (together 'the Instruments') in accordance with the Shariah Governance Regulations, 2018 (the Regulations) for the year ended June 30, 2022 as presented in the annexed Statement of Compliance (the Statement). This engagement was conducted by a multidisciplinary team including assurance practitioner and an independent Shariah scholar.

**Applicable Criteria**

The Criteria for the assurance engagement, against which the Statement (underlying subject matter information) is assessed comprise compliance with the Shariah requirements of the Instruments 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 Securities and Exchange Commission of Pakistan (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;
- (d) requirements of the applicable Islamic Financial Accounting Standards as notified by the SECP; and
- (e) approvals and rulings given by the Shariah Advisor of the Instruments in line with the Regulations and in accordance with the rulings of the Shariah Advisory Board.

**Responsibility of the Company's Management**

The responsibility for the preparation and proper presentation of the Statement (the subject matter information) and for compliance with the Shariah requirements of the Instruments 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 Instruments, 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.

*Handwritten signature*

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
 State Life Building No. 1-C, I.I. Chandrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
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A.F. FERGUSON & CO.

### **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 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 presents properly, in all material respects, the status of the Company's compliance with the Shariah requirements of the Instruments in accordance with the requirements of the Regulations.

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 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.

### **Conclusion**

Based on our reasonable assurance engagement, in our opinion, the Statement for the year ended June 30, 2022 presents properly, in all material respects, the status of the Company's compliance with the Shariah requirements of the Instruments in accordance with the requirements of the Regulations.

### **Restriction on use and distribution**

This report is issued in relation to the requirements as stipulated under Regulation 21 of Chapter VII of the Regulations 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 30, 2022

# STATEMENT OF COMPLIANCE

With the Public Offering Regulations, 2017

For the year ended June 30, 2022

This Statement of Compliance (the Statement) for the year ended June 30, 2022, 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, 2022 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 Public Offering Regulations, 2017 issued by the SECP.



Syed Moonis Abdullah Alvi  
Chief Executive Officer  
Karachi

Date: September 28, 2022



A·F·FERGUSON&CO.

**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, 2022**

**Scope of our Work**

We have undertaken a reasonable assurance engagement to express a conclusion, with respect to K-Electric Limited's (the Company) status of compliance with the features and Shariah requirements of KE Sukuk 4 and KE Sukuk 5 (together 'the Sukuks') in accordance with the Public Offering Regulations, 2017 (the Regulations) for the year ended June 30, 2022 as presented in the annexed Statement of Compliance (the Statement). This engagement was conducted by a multidisciplinary team including assurance practitioner and an independent Shariah scholar.

**Applicable Criteria**

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

**Responsibility of the Company's Management**

The responsibility for the preparation and proper 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 Regulations 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.

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A.F. FERGUSON & Co.

### 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 presents properly, in all material respects, the status of the Company's compliance with the features and Shariah requirements of the Sukuku in accordance with the requirements of the Regulations.

The procedures selected by us for the engagement depend on our judgment, including an assessment of the risks of material non-compliance with the Criteria. In making those risk assessments, we considered 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:

- Inquiry and evaluation of the systems, procedures and practices in place with respect to the Company's compliance with the Criteria;
- Verification of the Sukuku related transactions on a sample basis to ensure the Company's compliance with the Criteria during the year ended June 30, 2022;
- Review of Shariah structure, transaction documents and Shariah approval letters issued by the Shariah Advisor of the Sukuku; 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 presents properly, in all material respects, the status of the Company's compliance with the features and Shariah requirements of the Sukuku in accordance with the Regulations.

### Restriction on use and distribution

This report is issued in relation to the requirements as stipulated under Regulation 13 of Chapter VII of the Regulations 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

Date: September 30, 2022

# FINANCIAL PERFORMANCE



# SIX YEARS' PERFORMANCE

Description	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<b>OPERATIONAL PERFORMANCE</b>						
	<b>(Units In Gwh)</b>					
Units Generated - Gross	10,147	10,338	10,727	10,358	10,938	8,496
Units Generated - Net	9,374	9,557	9,928	9,629	10,186	7,890
Units Purchased	7,206	7,862	7,769	8,158	9,301	11,912
Units Sent out	16,580	17,419	17,697	17,787	19,487	19,802
Units Billed	12,981	13,860	14,318	14,277	16,069	16,763
T&D loss (in percentage)	21.7%	20.4%	19.1%	19.7%	17.5%	15.3%

<b>SUMMARY OF STATEMENT OF PROFIT OR LOSS</b>						
<b>(Rupees In Millions)</b>						
	Restated					
Revenue	183,855	217,127	289,119	288,807	325,049	518,777
Purchase of electricity & consumption of fuel and oil	123,132	149,325	215,770	219,470	240,181	420,032
O&M Expenses	56,264	57,194	60,712	60,156	66,641	78,775
Gross Profit	39,521	45,297	50,706	43,893	59,195	72,416
Financial Charges	3,609	3,236	6,285	16,737	11,113	15,120
Other Income / (Charges)	7,862	6,348	2,531	7,914	8,232	799
Profit before Finance Cost	12,321	16,956	15,167	17,096	26,459	20,769
Profit before taxation	8,712	13,719	8,883	359	15,346	5,648
Profit / (Loss) after taxation	10,419	12,312	17,274	(2,959)	11,998	8,524
EBITDA	25,818	32,422	31,236	36,684	45,867	41,598

<b>SUMMARY OF STATEMENT OF FINANCIAL POSITION</b>						
<b>(Rupees In Millions)</b>						
	Restated					
Non-Current Assets	237,981	277,733	326,857	364,369	427,653	509,315
Current Assets	157,962	195,965	272,008	339,045	408,024	550,813
<b>Total Assets</b>	<b>395,943</b>	<b>473,698</b>	<b>598,865</b>	<b>703,414</b>	<b>835,677</b>	<b>1,060,128</b>
Share Capital & Reserves	184,316	207,293	214,490	210,659	223,951	250,172
Non-Current liabilities	53,822	60,451	89,027	113,289	105,796	201,937
Current liabilities	157,805	205,954	295,348	379,466	505,930	608,019
<b>Total Equity &amp; Liabilities</b>	<b>395,943</b>	<b>473,698</b>	<b>598,865</b>	<b>703,414</b>	<b>835,677</b>	<b>1,060,128</b>

<b>SUMMARY OF STATEMENT OF CASHFLOWS</b>						
<b>(Rupees In Millions)</b>						
	Restated					
Net cash generated from / (used in) operating activities	27,836	19,335	(16,884)	21,871	42,259	(26,857)
Net cash used in investing activities	(19,593)	(43,726)	(33,843)	(49,411)	(74,465)	(63,843)
Net cash (used) in / generated from financing activities	(11,849)	6,040	52,012	27,192	22,061	84,804
<b>Net increase / (decrease) in cash and cash equivalent</b>	<b>(3,606)</b>	<b>(18,351)</b>	<b>1,285</b>	<b>(348)</b>	<b>(10,144)</b>	<b>(5,896)</b>
Cash and cash equivalent at beginning of the year	(4,815)	(8,421)	(26,772)	(25,487)	(25,835)	(35,979)
<b>Cash and cash equivalent at end of the year</b>	<b>(8,421)</b>	<b>(26,772)</b>	<b>(25,487)</b>	<b>(25,835)</b>	<b>(35,979)</b>	<b>(41,875)</b>

# KEY FINANCIAL INDICATORS

Description	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Profitability Ratios</b>	<b>(In Percentage %)</b>					
	<b>Restated</b>					
Gross Profit Margin	21.5%	20.9%	17.5%	15.2%	18.2%	14.0%
Net Profit / (Loss) Margin	5.7%	5.7%	6.0%	(1.0%)	3.7%	1.6%
EBITDA Margin	14.0%	14.9%	10.8%	12.7%	14.1%	8.0%
PBT Margin	4.7%	6.3%	3.1%	0.1%	4.7%	1.1%
Return on Equity / Shareholder's Funds	5.7%	5.9%	8.1%	(1.4%)	5.4%	3.4%
Return on Capital Employed	4.6%	4.9%	5.6%	(0.8%)	3.1%	1.8%
Return on Total Assets	2.6%	2.6%	2.9%	(0.4%)	1.4%	0.8%
Return on Property, Plant and Equipment Shareholder's Funds	4.4%	4.4%	5.3%	(0.8%)	2.8%	1.7%
Shareholder's Funds	46.6%	43.8%	35.8%	29.9%	26.8%	23.6%
Operating Leverage Ratio*	N/A	N/A	N/A	N/A	N/A	N/A
<b>Liquidity Ratios</b>	<b>(In Times)</b>					
Current Ratio	1.00	0.95	0.92	0.89	0.81	0.91
Quick / Acid test ratio	0.94	0.90	0.88	0.86	0.77	0.88
Cash to current liability	0.01	0.01	0.01	0.01	0.005	0.005
Cash flow from operations to revenue	0.15	0.09	(0.06)	0.08	0.13	(0.05)
Cash flow to capital expenditure	(1.17)	(0.43)	0.47	(0.44)	(0.55)	0.52
Cash flow coverage ratio	0.56	0.27	(0.13)	0.14	0.23	(0.09)
Free Cash Flow (Rs in million)	4,915	(24,342)	(50,727)	(27,541)	(32,024)	(74,102)
Economic Value addition (Rs in million)	(21,198)	(20,995)	(29,993)	(49,889)	(29,454)	(40,415)
<b>Activity / Turnover ratio</b>	<b>(In Times)</b>					
Inventory [Furnace & Other Oil] Turnover Days	9	12	11	9	14	14
Debtor Turnover Days** (No. of days)	300	294	304	393	410	322
Creditor Turnover Days (No. of days)	165	164	160	233	292	232
Operating Cycle (No. of days)	144	142	155	169	132	104
Total Asset turnover ratio (Times)	0.46	0.46	0.48	0.41	0.39	0.49
Fixed Asset turnover ratio (Times)	0.77	0.78	0.89	0.80	0.77	1.06
<b>Investment / Market Ratios</b>	<b>(In Rupees)</b>					
Earnings / (loss) per Share - Basic / Diluted	0.38	0.45	0.63	(0.11)	0.43	0.31
Price Earning Ratio (In Times)	18.29	12.74	7.02	N/A	9.62	9.85
Market Value Per Share - year end	6.90	5.68	4.39	3.01	4.18	3.04
- High during the year	10.92	7.51	6.75	5.00	4.88	4.31
- Low during the year	6.50	5.11	3.54	2.57	3.11	2.40
Price to book ratio (In Times)	0.48	0.33	0.20	0.12	0.14	0.08
Breakup Value per Ordinary Share (including Surplus on Revaluation of Property, Plant & Equipment) / Net Assets per share	6.67	7.51	7.77	7.63	8.11	9.06
Breakup Value per Ordinary Share (excluding Surplus on Revaluation of Property, Plant & Equipment)	4.95	5.55	5.38	5.48	6.08	6.53
<b>Capital Structure Ratios</b>	<b>(In Times)</b>					
Long-term debt to equity ratio - as per book value*** (including revaluation surplus)	0.14	0.13	0.21	0.28	0.26	0.41
Long-term debt to equity ratio - as per book value*** (excluding revaluation surplus)	0.17	0.17	0.28	0.35	0.32	0.49
Long-term debt to equity ratio - as per market value***	0.13	0.17	0.32	0.50	0.40	0.68
Interest Cover ratio	3.41	5.24	2.41	1.02	2.38	1.37
Average Cost of Debt	0.09	0.07	0.11	0.16	0.09	0.10
Financial Leverage Ratio (local and foreign lenders)	0.27	0.35	0.60	0.74	0.82	1.13
Debt Service Coverage Ratio ****	3.38	2.60	1.80	1.10	1.45	1.19
<b>Employee Productivity ratios</b>	<b>(In Percentage %)</b>					
Production per employee (Gwh)	0.94	0.99	1.04	0.97	1.06	0.85
Revenue per employee (Rs in million)	17.0	20.9	28.0	27.1	31.6	52.1
Staff turnover ratio (In Percentage)	6.6%	7.8%	10.6%	10.0%	8.3%	12.4%
<b>Others</b>	<b>(In Percentage %)</b>					
Spares Inventory as % of Assets Cost	2.3%	2.1%	1.9%	1.9%	1.7%	1.4%
Maintenance Cost as % of Operating Expenses	0.7%	0.8%	0.8%	0.7%	0.8%	0.9%

\* Not Applicable , as the Company's profitability is not dependant on its revenue

\*\* includes tariff adjustment receivable from Government

\*\*\* Long term debt also includes current maturity of debts

\*\*\*\* This ratio is computed by dividing net income as adjusted for non-cash items (excluding provision for doubtful trade debts) by Debt Service.

# VERTICAL & HORIZONTAL ANALYSIS

## VERTICAL ANALYSIS

### STATEMENT OF FINANCIAL POSITION

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	<b>Restated</b>					
Non-Current Assets	60.1%	58.6%	54.6%	51.8%	51.2%	48.0%
Current Assets	39.9%	41.4%	45.4%	48.2%	48.8%	52.0%
<b>Total Assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Share Capital & Reserves	46.6%	43.7%	35.8%	29.9%	26.8%	23.6%
Non-Current Liabilities	13.6%	12.8%	14.9%	16.1%	12.7%	19.0%
Current Liabilities	39.9%	43.5%	49.3%	54.0%	60.5%	57.4%
<b>Total Equity and Liabilities</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### STATEMENT OF PROFIT OR LOSS

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	<b>Restated</b>					
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Expenditure						
Purchase of electricity	(33.5%)	(35.7%)	(32.9%)	(35.8%)	(34.5%)	(40.0%)
Consumption of fuel and oil	(33.4%)	(33.1%)	(41.7%)	(40.2%)	(39.4%)	(41.0%)
	(67.0%)	(68.8%)	(74.6%)	(76.0%)	(73.9%)	(81.0%)
Expenses incurred in generation, transmission And distribution	(11.5%)	(10.4%)	(7.8%)	(8.8%)	(7.9%)	(5.1%)
<b>Gross Profit</b>	<b>21.5%</b>	<b>20.9%</b>	<b>17.5%</b>	<b>15.2%</b>	<b>18.2%</b>	<b>14.0%</b>
Consumers services and administrative expenses (including impairment loss against trade debts and other receivables)	(19.1%)	(16.0%)	(13.2%)	(12.0%)	(12.6%)	(10.1%)
Other operating expenses	(0.8%)	(1.0%)	(1.7%)	(0.2%)	(0.5%)	(1.8%)
Other operating income	5.1%	3.9%	2.6%	2.9%	3.0%	2.0%
	(14.8%)	(13.1%)	(12.3%)	(9.3%)	(10.1%)	(10.0%)
<b>Profit Before Finance Cost</b>	<b>6.7%</b>	<b>7.8%</b>	<b>5.2%</b>	<b>5.9%</b>	<b>8.1%</b>	<b>4.0%</b>
Finance cost	(2.0%)	(1.5%)	(2.2%)	(5.8%)	(3.4%)	(2.9%)
<b>Profit Before Taxation</b>	<b>4.7%</b>	<b>6.3%</b>	<b>3.1%</b>	<b>0.1%</b>	<b>4.7%</b>	<b>1.1%</b>
Taxation	0.9%	(0.6%)	2.9%	(1.1%)	(1.0%)	0.6%
<b>Profit / (loss) for the year</b>	<b>5.7%</b>	<b>5.7%</b>	<b>6.0%</b>	<b>(1.0%)</b>	<b>3.7%</b>	<b>1.6%</b>

## HORIZONTAL ANALYSIS

### STATEMENT OF FINANCIAL POSITION

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	<b>Restated</b>					
Non-Current Assets	100.0%	116.7%	137.3%	153.1%	179.7%	214.0%
Current Assets	100.0%	124.1%	172.2%	214.6%	258.3%	348.7%
<b>Total Assets</b>	<b>100.0%</b>	<b>119.6%</b>	<b>151.3%</b>	<b>177.7%</b>	<b>211.1%</b>	<b>267.7%</b>
Share Capital & Reserves	100.0%	112.5%	116.4%	114.3%	121.5%	135.7%
Non-Current Liabilities	100.0%	112.3%	165.4%	210.5%	196.6%	375.2%
Current Liabilities	100.0%	130.5%	187.2%	240.5%	320.6%	385.3%
<b>Total Equity and Liabilities</b>	<b>100.0%</b>	<b>119.6%</b>	<b>151.3%</b>	<b>177.7%</b>	<b>211.1%</b>	<b>267.7%</b>

### STATEMENT OF PROFIT OR LOSS

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	<b>Restated</b>					
Revenue	100.0%	118.1%	157.3%	157.1%	176.8%	282.2%
Expenditure						
Purchase of electricity	100.0%	125.6%	154.3%	167.5%	182.0%	336.6%
Consumption of fuel and oil	100.0%	116.9%	196.2%	189.0%	208.2%	345.7%
	<b>100.0%</b>	<b>121.3%</b>	<b>175.2%</b>	<b>178.2%</b>	<b>195.1%</b>	<b>341.1%</b>
Expenses incurred in generation, transmission and distribution	100.0%	106.1%	106.8%	120.0%	121.1%	124.2%
<b>Gross Profit</b>	<b>100.0%</b>	<b>114.6%</b>	<b>128.3%</b>	<b>111.1%</b>	<b>149.8%</b>	<b>183.2%</b>
Consumers services and administrative expenses (including impairment loss against trade debts and other receivables)	100.0%	98.9%	108.6%	99.0%	116.8%	149.6%
Other operating income	100.0%	90.1%	80.5%	90.5%	104.2%	108.6%
Other operating expenses	100.0%	138.1%	327.4%	38.8%	101.5%	612.3%
	<b>100.0%</b>	<b>104.2%</b>	<b>130.7%</b>	<b>98.5%</b>	<b>120.3%</b>	<b>189.9%</b>
<b>Profit Before Finance Cost</b>	<b>100.0%</b>	<b>137.6%</b>	<b>123.1%</b>	<b>138.8%</b>	<b>214.8%</b>	<b>168.6%</b>
Finance cost	100.0%	89.7%	174.1%	463.8%	307.9%	419.0%
<b>Profit Before Taxation</b>	<b>100.0%</b>	<b>157.5%</b>	<b>102.0%</b>	<b>4.1%</b>	<b>176.2%</b>	<b>64.8%</b>
Taxation	100.0%	(82.4%)	491.4%	(194.3%)	(196.0%)	168.4%
<b>Profit / (loss) for the year</b>	<b>100.0%</b>	<b>118.2%</b>	<b>165.8%</b>	<b>(28.4%)</b>	<b>115.2%</b>	<b>81.8%</b>

# COMMENTARY ON PERFORMANCE

## Horizontal & Vertical Analysis

During the year, despite various challenges including macro-economic environment, the Company invested around PKR 62.8 billion across the power value chain and continued to show positive growth in key operational indicators with reduction of T&D losses from 17.5% to 15.3% and increase in unit sent out by 1.6%. This improved performance was partly set-off due to negative impact of additional PKR 9.5 billion recorded this year on account of Mid Term Review (MTR) decision. Driven by these operational improvements, the Company's gross profit increased by 22% as compared to last year.

However, external factors including increase in consumer tariff and current economic condition impacting consumers propensity to pay lead to increase in impairment loss, substantial devaluation of Pakistani rupee in the international currency market resulted in exchange loss and increase in policy interest rates translated to increase in finance cost. As a result, the Company posted net profit after tax of PKR 8.52 billion as compared to a net profit of PKR 12.0 billion during FY 2021.

Company invested PKR 62.8 billion during FY 2022 alone, taking the investment streak to PKR 311.6 billion across the Company's power value chain over the 6 years period.

Accumulation of Tariff differential claims (TDC) and non-payment of dues by various federal and provincial government departments with consequential non release of TDC directly to CPPA has resulted in accumulation of both receivables and payables side of balance sheet. The net position is of around PKR 26 billion receivables by the Company as at June 30, 2022 excluding accrued / unclaimed revenue and unrecovered cost. 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

Decline in profit before tax to PKR 5.6 billion along with increase in working capital owing to accumulation of fuel cost adjustment translated into negative cashflows from operating activities of PKR 26.9 billion for FY22 with cashflows from operating activities to revenue of negative 5% as compared to positive 13% last year.

These negative operating cashflows coupled with investments across the value chain were managed through cash inflows from financing activities which 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.

## Information about significant change in accounting policies, judgements, estimates and assumptions with rationale

There has been no change in accounting policy other than that disclosed in "Basis of Preparation" paragraph (note 2.2) of the unconsolidated and consolidated financial statements. Further, there have been no significant change in judgements, estimates and assumptions during the year.

## Information about defaults and Reasons

The company fulfilled all its contractual commitments during the outgoing period.

## Methods and assumptions used in compiling the indicators

In light of the business dynamics and factors that affect the internal and external environment of the Company, the Management has identified certain indicators which helps in reflecting the true performance of the Company. These indicators are continuously monitored, analysed and discussed by the top Management. Methods and assumptions used in compiling these indicators normally include data published by State Bank of Pakistan, Pakistan Bureau of Statistics and reports published by leading research and marketing firms in the business.

## Reasons for not declaring dividend

The Company, due to reinvestment requirements and certain lenders covenants, has not declared dividend / bonus shares.

## Segmental Information

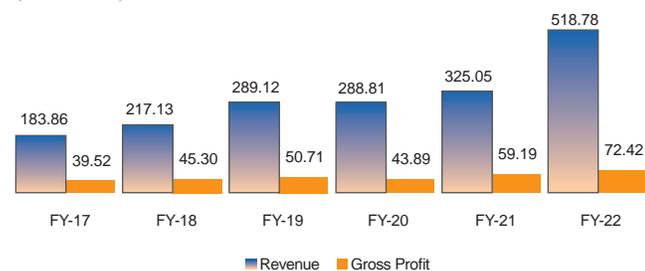
The Company operates as a vertically integrated power utility under a single integrated tariff structure, as determined by NEPRA; with no separate revenue streams as the Company as a whole earns revenues by providing electricity to its end consumers. The management has determined Generation, Transmission and Distribution as its operating segments, which are being presented to the Board of Directors for allocation of resources and assessment of performance.

The detailed information about the segment wise profitability, segmental assets and liabilities of the Company have been disclosed in the consolidated and unconsolidated financial statements of the Company (note 54 and note 53 respectively).

# GRAPHICAL ANALYSIS

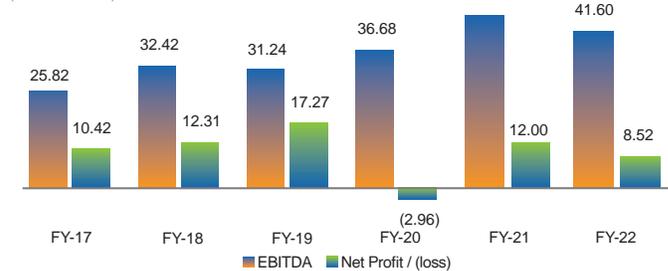
## REVENUE & GROSS PROFIT

(PKR In billions)



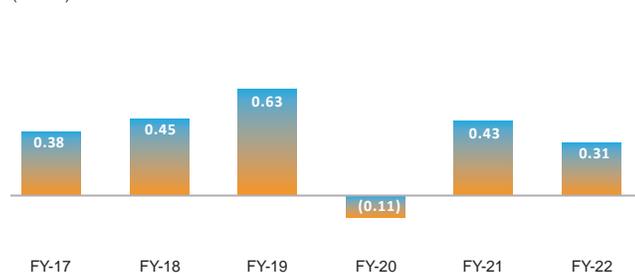
## EBITDA & NET PROFIT / (LOSS)

(PKR In billions)



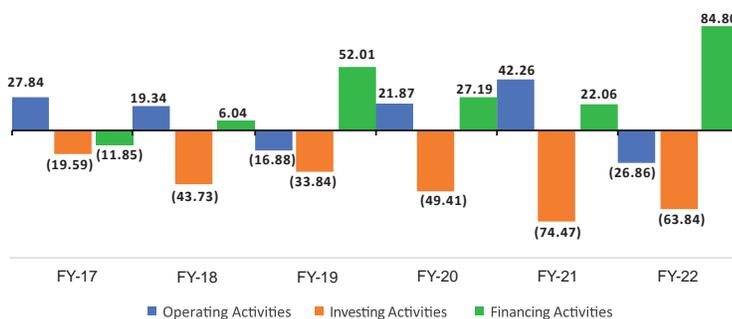
## EARNING PER SHARE (EPS)

(in PKR)



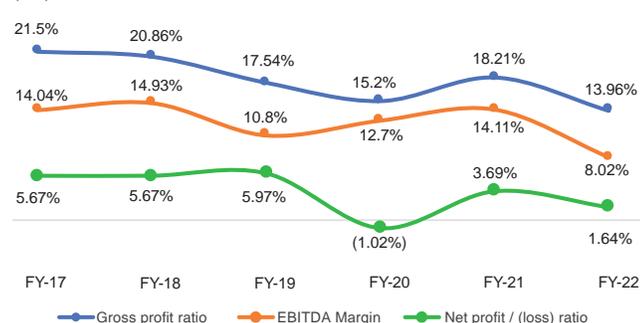
## CASHFLOWS ANALYSIS

(PKR In billions)



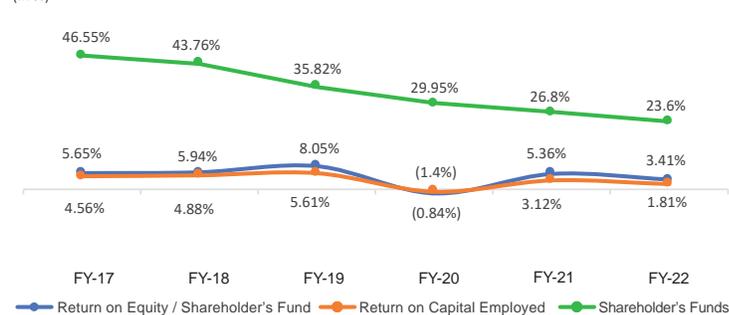
## PROFITABILITY RATIOS

(In %)



## PROFITABILITY RATIOS

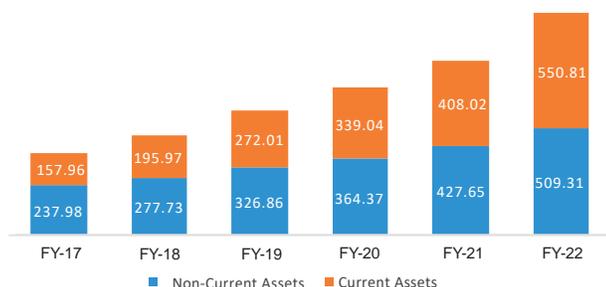
(In %)



# GRAPHICAL ANALYSIS

## TOTAL ASSETS

(PKR In billions)



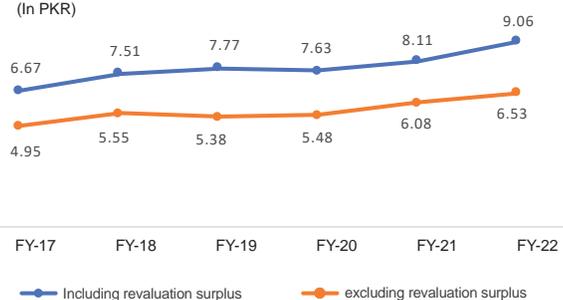
## EQUITIES & LIABILITIES

(PKR In billions)



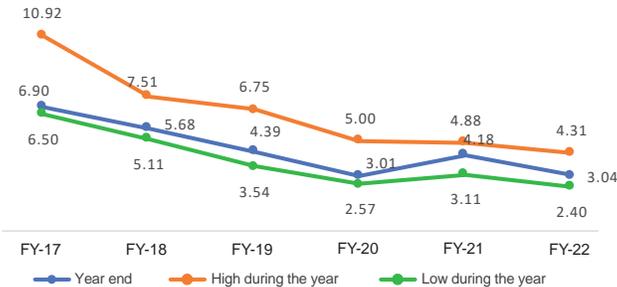
## BREAKUP VALUE PER SHARE

(In PKR)



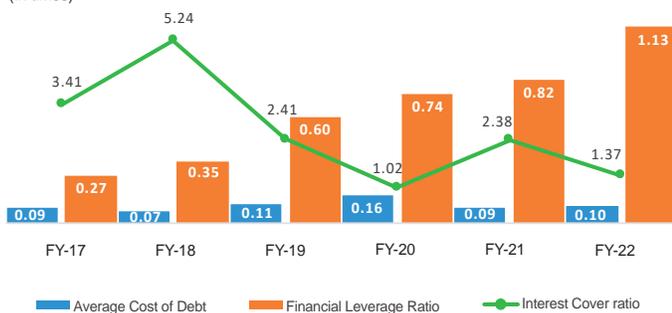
## MARKET VALUE PER SHARE

(In PKR)



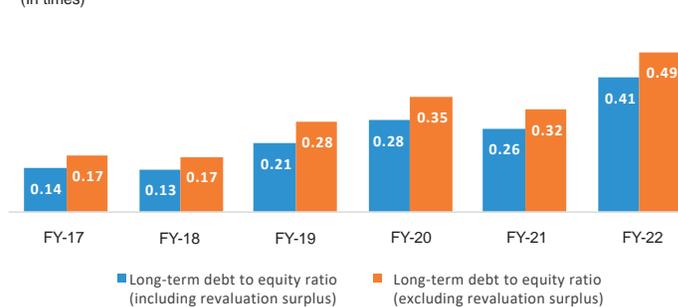
## CAPITAL STRUCTURE RATIOS

(In times)



## LONG TERM DEBT TO EQUITY

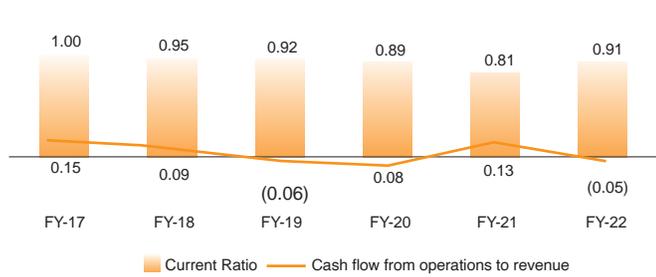
(In times)



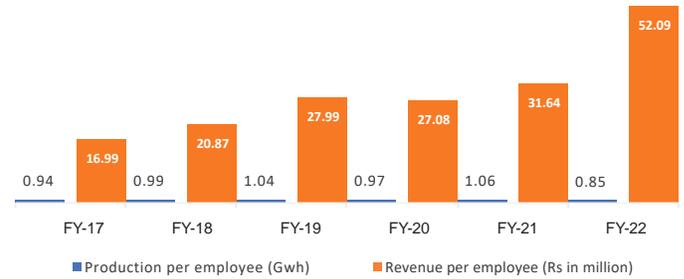
# GRAPHICAL ANALYSIS

## LIQUIDITY RATIO

(In times)

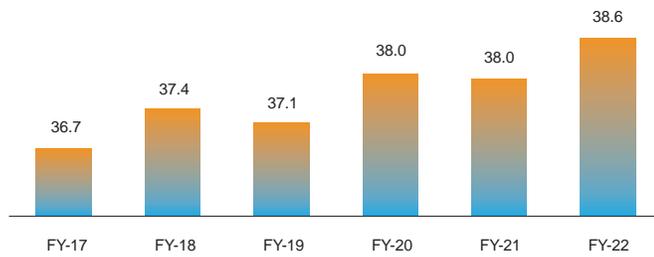


## EMPLOYEE PRODUCTIVITY RATIOS



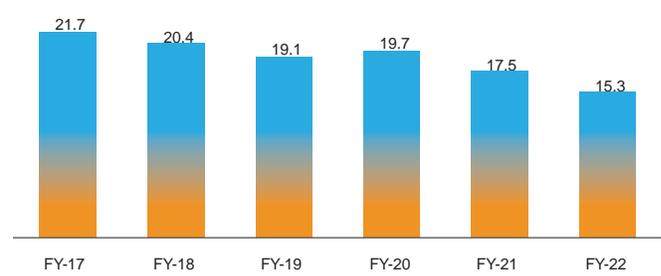
## GENERATION FLEET EFFICIENCY

(In %)



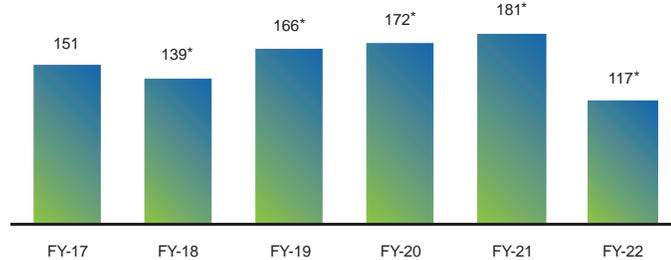
## T&D LOSSES

(In %)



## GAS

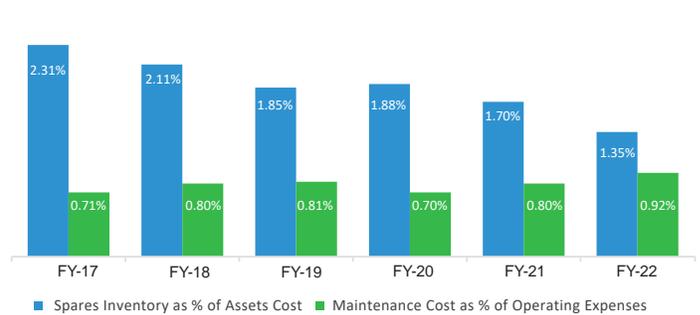
(MMCFD)



\*includes RLNG effective from April 2018

## OTHER RATIOS

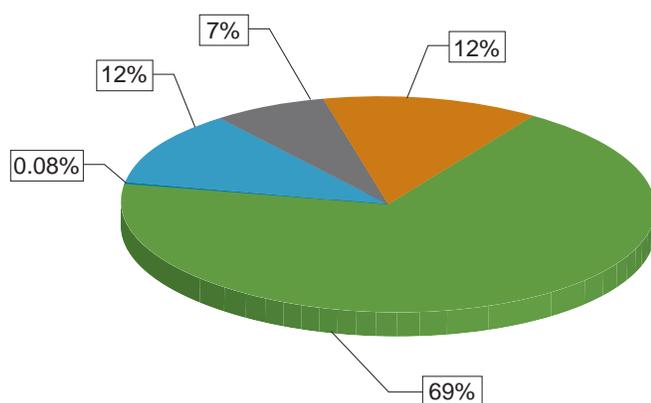
(In %)



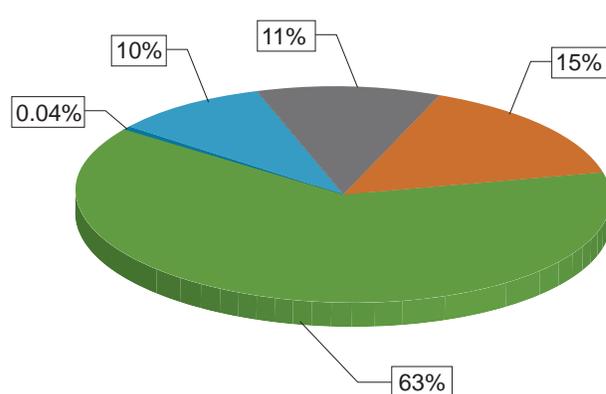
# STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	2022 Rs. in million	%	2021 Rs. in million	%
<b>Wealth Generated</b>				
Sale of energy inclusive of all taxes	428,705		318,427	
Tariff adjustment	172,687		70,042	
Other Income	10,210		9,792	
Electricity purchase, consumption of fuel and oil, service and other cost (exclusive of taxes)	(492,286)		(292,534)	
Deferred tax income	7,228		529	
	<b>126,544</b>		<b>106,256</b>	
<b>Wealth Distribution</b>				
To Employees - Salaries, benefits and other costs	15,837	12%	15,803	15%
To Government - Income tax, sales tax and others	86,968	69%	67,298	63%
To Society - Donations	95	0.08%	44	0.04%
To providers of finances - Financial Charges	15,120	12%	11,113	10%
To Company - Retained within the business	8,524	7%	11,998	11%
	<b>126,544</b>	<b>100%</b>	<b>106,256</b>	<b>100%</b>

### Wealth Distribution 2022



### Wealth Distribution 2021



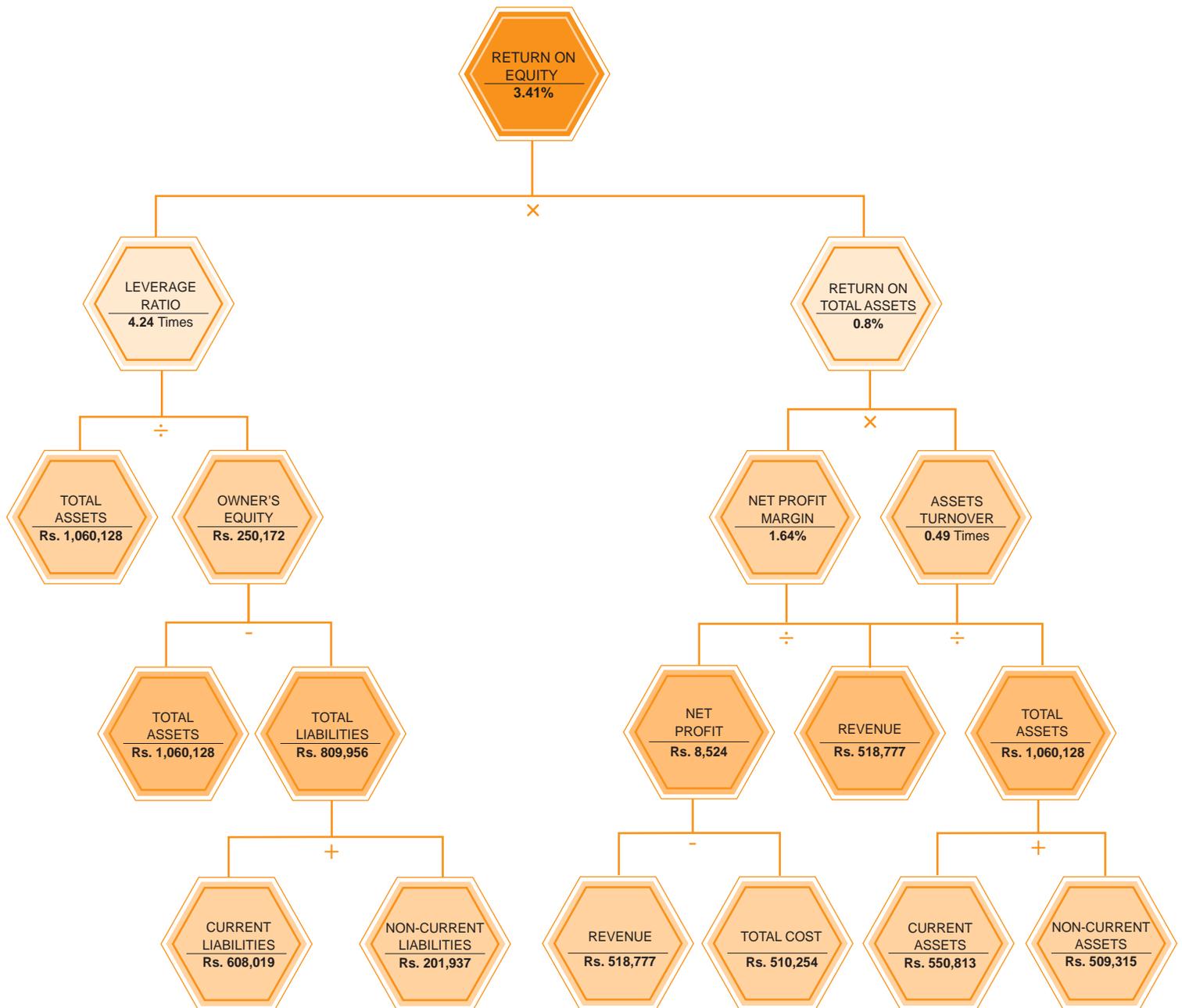
■ Employees 
 ■ Government 
 ■ Society 
 ■ Providers of finances 
 ■ Company

■ Employees 
 ■ Government 
 ■ Society 
 ■ Providers of finances 
 ■ Company

# DuPONT ANALYSIS

For the year ended June 30, 2022

(PKR in millions)



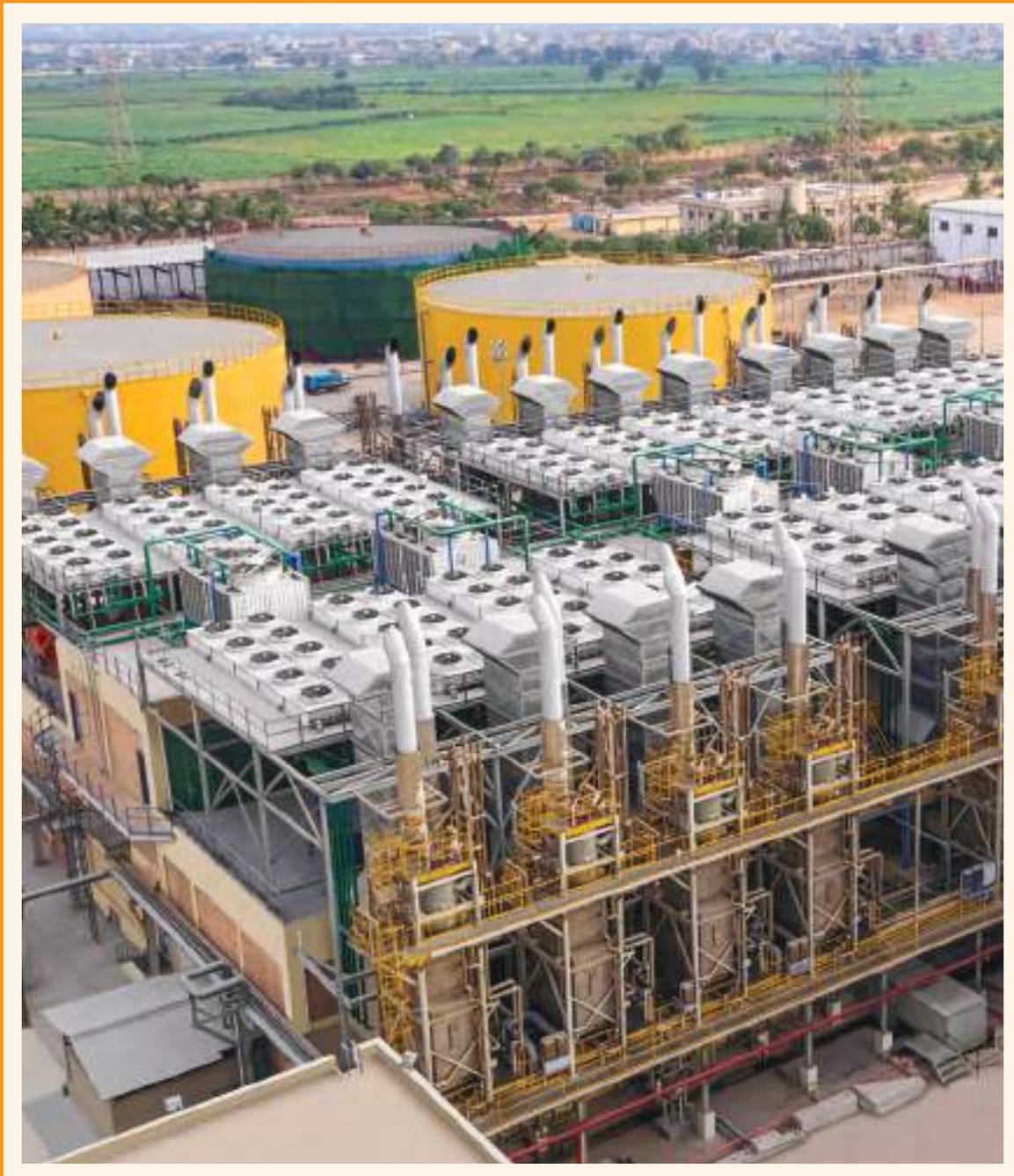
# STATEMENT OF CASH FLOWS

## DIRECT METHOD

	2022	2021
	----- (Rupees in '000) -----	
<b>Cash flows from operating activities</b>		
Cash receipts from customers	379,664,107	302,915,873
Tariff differential subsidies	11,275,001	6,540,000
Cash paid to suppliers and employees	(399,486,308)	(253,110,078)
<b>Cash generated from operations</b>	<b>(8,547,200)</b>	<b>56,345,795</b>
Employee retirement benefits paid	(398,004)	(1,731,671)
Income tax paid	(3,507,518)	(2,744,078)
Receipts in deferred revenue	5,288,658	5,076,643
Finance cost paid	(20,119,046)	(14,868,433)
Payments made in respect of out of court settlements	(25,650)	(52,900)
Interest received on bank deposits	450,032	231,891
Long term loans	1,966	2,664
Long-term deposits	-	(486)
<b>Net cash generated from operating activities</b>	<b>(26,856,762)</b>	<b>42,259,425</b>
<b>Cash flows from investing activities</b>		
Capital expenditure incurred	(51,248,262)	(76,566,596)
Proceeds from disposal of property, plant and equipment	4,003,158	2,283,807
Investment in other financial asset - at amortised cost	(16,504,844)	-
Subscription of share capital in subsidiary	(92,900)	(182,100)
<b>Net cash used in investing activities</b>	<b>(63,842,848)</b>	<b>(74,464,889)</b>
<b>Cash flows from financing activities</b>		
Repayment of long-term diminishing musharaka - net	(4,400,000)	(3,241,590)
Proceeds from / (Repayment of) long-term financing - net	94,002,181	(851,972)
Lease payments	(50,167)	(45,215)
(Repayment of) / Proceeds from short-term borrowings - net	(5,858,876)	25,052,730
Security deposit received	1,110,582	1,147,489
<b>Net cash used in financing activities</b>	<b>84,803,720</b>	<b>22,061,442</b>
<b>Net increase in cash and cash equivalents</b>	<b>(5,895,890)</b>	<b>(10,144,022)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(35,979,547)</b>	<b>(25,835,525)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>(41,875,437)</b>	<b>(35,979,547)</b>



# UNCONSOLIDATED FINANCIAL STATEMENT





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## INDEPENDENT AUDITOR'S REPORT

To the members of K-Electric Limited

Report on the Audit of the Unconsolidated Financial Statements

### Opinion

We have audited the annexed unconsolidated financial statements of K-Electric Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2022, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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, 2022 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 Unconsolidated 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 Matters

We draw attention to:

- note 14.1 to the annexed unconsolidated 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 32.1.1 to the annexed unconsolidated 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

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 Tel: +92 (21) 32426682-5/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>



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- note 32.1.5 to the annexed unconsolidated 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.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated 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)	<p><b>Tariff adjustment on account of write-off of bad debts</b></p> <p>(Refer notes 2.5.1 and 34.2 to the annexed unconsolidated financial statements)</p> <p>Revenue recognised during the year in respect of tariff adjustment on account of write-off of bad debts amounted to Rs. 14,489 million, comprising receivables from 95,640 consumers.</p> <p>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 claiming tariff adjustment in respect of write-off of bad debts, the Company is required to ensure that certain specific minimum procedures are completed.</p> <p>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 significant judgement and interpretation of MYT 2017-23 by the Company's management.</p> <p>Accordingly, we considered tariff adjustment on account of write-off of bad debts a key audit matter.</p>	<p>Our audit procedures amongst other included the following:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Evaluated 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;</li> <li>• Evaluated whether compliance was made by the Company with the specific requirements stipulated in MYT 2017-23 relating to claim of write-off of bad debts;</li> <li>• Verified as part of the requirement of MYT 2017-23 that the amounts are not recoverable notwithstanding the efforts of the Company; and</li> <li>• Assessed the financial impacts and appropriateness of disclosures made in the unconsolidated financial statements in this respect.</li> </ul>

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S. No.	Key audit matters	How the matter was addressed in our audit
(ii)	<p><b>Impairment loss against trade debts</b></p> <p>(Refer notes 2.5.4 and 11 to the annexed unconsolidated financial statements)</p> <p>The loss allowance for expected credit losses (ECL model) on trade debts (other than dues from public sector consumers i.e., government-controlled entities) has been recognised in the annexed unconsolidated financial statements, using the guidance included in IFRS 9 'Financial Instruments'. The ECL model involves significant estimates and judgements which are reviewed on an ongoing basis for historical experience and various other factors.</p> <p>As a result of application of the ECL model an amount of Rs. 19,330 million has been recognised during the year as impairment loss against trade debts.</p> <p>Due to application of significant management judgment and use of estimates, we have considered application of the ECL model to determine the impairment loss against trade debts a key audit matter.</p>	<p>Our audit procedures amongst other included the following:</p> <ul style="list-style-type: none"> <li>• Considered management's process of application of ECL model to calculate impairment loss against trade debts;</li> <li>• Evaluated key decisions made by the Company's management with respect to estimates and judgements in relation to application of the ECL model;</li> <li>• Evaluated the ECL model for appropriateness of the methodology applied and checked arithmetical accuracy of the model; and</li> <li>• Assessed financial impacts and appropriateness of disclosures made in the unconsolidated financial statements in relation to impairment loss against trade debts.</li> </ul>
(iii)	<p><b>Revaluation of property, plant and equipment (PP&amp;E)</b></p> <p>(Refer notes 3.1, 4 and 19 to the annexed unconsolidated financial statements)</p> <p>The Company as at reporting date carried out a revaluation exercise for specific classes of PP&amp;E being leasehold land, transmission grid equipment and plant and machinery, which resulted in a revaluation surplus of Rs. 25,037 million for the year.</p> <p>Determination of fair values of aforementioned classes of PP&amp;E by the management for this purpose, is an extensive exercise, requiring use of experts and application of significant management judgement and use of estimates.</p>	<p>Our audit procedures amongst other included the following:</p> <ul style="list-style-type: none"> <li>• Obtained valuation reports of management's expert and considered qualification and experience of the expert, the scope of work and the assumptions used;</li> <li>• Checked revaluation adjustments made by management;</li> <li>• For selected sites, engaged expert to perform an independent assessment of the work performed and conclusions reached by the management's expert; and</li> </ul>

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S. No.	Key audit matters	How the matter was addressed in our audit
	Accordingly, we considered this an area of higher assessed risk and a key audit matter.	<ul style="list-style-type: none"> <li>Assessed the appropriateness of the disclosures in the unconsolidated financial statements in this respect.</li> </ul>

### Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

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

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated financial statements.

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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 unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated 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.

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### **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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 Osama Kapadia.

A handwritten signature in blue ink, appearing to read 'Osama Kapadia', with a long horizontal line extending to the right.

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

**Date: September 30, 2022**

UDIN: AR202210080uXTUPr1s2

# Unconsolidated Statement of Financial Position

AS AT JUNE 30, 2022

	Note	June 30, 2022	June 30, 2021
------(Rupees in '000)-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	489,248,209	424,069,228
Intangible assets	5	518,889	389,270
Investment in subsidiary - at cost	1,5	275,000	182,100
Investment property	6	2,925,942	2,986,899
Other financial assets - at amortised cost	7	16,323,268	-
Long-term loans	8	11,899	13,865
Long-term deposits	9	11,744	11,744
		<b>509,314,951</b>	<b>427,653,106</b>
<b>Current assets</b>			
Inventories	10	17,060,592	16,082,872
Trade debts	11	136,843,034	104,714,380
Loans and advances	12	1,663,519	2,587,658
Deposits and short-term prepayments	13	8,054,432	4,005,201
Other receivables	14	375,223,756	274,986,963
Current maturity of other financial assets - at amortised cost	7	1,088,032	-
Derivative financial assets	15	8,033,631	3,276,351
Cash and bank balances	16	2,846,132	2,370,891
		<b>550,813,128</b>	<b>408,024,316</b>
<b>TOTAL ASSETS</b>		<b>1,060,128,079</b>	<b>835,677,422</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid-up capital	17	96,261,551	96,261,551
<b>Reserves</b>			
<b>Capital reserves</b>			
Share premium and other reserves	18	2,009,172	2,009,172
Revaluation surplus on property, plant and equipment	19	69,713,296	55,932,669
		<b>71,722,468</b>	<b>57,941,841</b>
<b>Revenue reserves</b>			
General reserves		5,372,356	5,372,356
Unappropriated profit		76,815,343	64,375,768
		<b>82,187,699</b>	<b>69,748,124</b>
		<b>153,910,167</b>	<b>127,689,965</b>
<b>TOTAL EQUITY</b>		<b>250,171,718</b>	<b>223,951,516</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term diminishing musharaka	20	21,077,900	24,763,655
Long-term financing	21	130,660,289	35,650,703
Lease liabilities	22	148,894	100,342
Long-term deposits	23	13,976,931	12,866,349
Employee retirement benefits	24	5,492,679	4,717,134
Deferred revenue	25	30,580,528	27,697,647
Deferred taxation	26	-	-
		<b>201,937,221</b>	<b>105,795,830</b>
<b>Current liabilities</b>			
Current maturity of long-term diminishing musharaka	20	3,750,000	4,400,000
Current maturity of long-term financing	21	19,888,341	12,330,261
Current maturity of lease liabilities	22	26,765	31,723
Trade and other payables	27	439,260,780	353,854,773
Unclaimed dividend		645	645
Accrued mark-up	28	10,629,604	8,858,167
Taxation - net		897,049	51,692
Short-term borrowings	29	107,535,452	107,023,197
Short-term deposits	30	26,012,012	19,372,118
Provision	31	18,492	7,500
		<b>608,019,140</b>	<b>505,930,076</b>
<b>TOTAL LIABILITIES</b>		<b>809,956,361</b>	<b>611,725,906</b>
Contingencies and Commitments	32		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,060,128,079</b>	<b>835,677,422</b>

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



**Syed Moonis Abdullah Alvi**  
Chief Executive Officer



**Saad Amanullah Khan**  
Director



**Muhammad Aamir Ghaziani**  
Chief Financial Officer

# Unconsolidated Statement of Profit or Loss

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ------(Rupees in '000)-----	2021
<b>REVENUE</b>			
Sale of energy - net	33	346,090,518	255,006,208
Tariff adjustment	34	172,686,588	70,042,341
		<u>518,777,106</u>	<u>325,048,549</u>
<b>COST OF SALES</b>			
Purchase of electricity	35	(207,544,377)	(112,223,458)
Consumption of fuel and oil	36	(212,487,554)	(127,957,795)
Expenses incurred in generation, transmission and distribution	37	(26,329,574)	(25,672,706)
		<u>(446,361,505)</u>	<u>(265,853,959)</u>
<b>GROSS PROFIT</b>			
		<u>72,415,601</u>	<u>59,194,590</u>
Consumers services and administrative expenses	38	(27,598,379)	(25,224,577)
Impairment loss against trade debts and other receivables	11.6 & 14.1	(24,847,263)	(15,743,291)
Other operating expenses	39	(9,411,556)	(1,559,592)
Other income	40	10,210,309	9,791,708
		<u>(51,646,889)</u>	<u>(32,735,752)</u>
<b>PROFIT BEFORE FINANCE COST</b>			
		<u>20,768,712</u>	<u>26,458,838</u>
Finance cost	41	(15,120,458)	(11,112,992)
<b>PROFIT BEFORE TAXATION</b>			
		<u>5,648,254</u>	<u>15,345,846</u>
Taxation	42	2,875,324	(3,347,664)
<b>PROFIT FOR THE YEAR</b>			
		<u>8,523,578</u>	<u>11,998,182</u>
<b>EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)</b>			
	43	<u>41,597,967</u>	<u>45,866,793</u>
<b>EARNING PER SHARE - BASIC AND DILUTED</b>			
	44	<u>0.31</u>	<u>0.43</u>

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



Syed Moonis Abdullah Alvi  
Chief Executive Officer



Saad Amanullah Khan  
Director



Muhammad Aamir Ghaziani  
Chief Financial Officer

# Unconsolidated Statement of Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ------(Rupees in '000)-----	2021
Net profit for the year		8,523,578	11,998,182
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified to profit or loss</b>			
Changes in fair value of cash flow hedges		5,997,523	(518,836)
Adjustment for amounts transferred to profit or loss		(5,997,523)	518,836
		-	-
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of post employee benefit obligations	24.1.1	(111,783)	(162,274)
Less: Taxation thereon	26.1	32,417	47,059
		(79,366)	(115,215)
Revaluation surplus	19	25,036,606	1,986,166
Less: Taxation thereon	26.1	(7,260,616)	(575,988)
		17,775,990	1,410,178
		17,696,624	1,294,963
<b>Total comprehensive income for the year</b>		<b>26,220,202</b>	<b>13,293,145</b>

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



**Syed Moonis Abdullah Alvi**  
Chief Executive Officer



**Saad Amanullah Khan**  
Director



**Muhammad Aamir Ghaziani**  
Chief Financial Officer

# Unconsolidated Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2022

	Issued, subscribed and paid-up capital			Reserves					Total		
	Ordinary shares	Transaction costs	Total share capital	Capital			Revenue				
				Share premium (note 17.3)	Others	Revaluation surplus on property, plant and equipment - net of tax (Rupees in '000)	Total	General reserves		Unappropriated profit	Total
<b>Balance as at July 1, 2020</b>	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
Incremental depreciation charged relating to revaluation surplus of property, plant and equipment and disposals - net of deferred tax (note 19)	-	-	-	-	-	1,410,178	1,410,178	-	11,882,967	11,882,967	13,293,145
<b>Balance as at June 30, 2021</b>	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
Total comprehensive income for the year ended June 30, 2022											
Profit for the year	-	-	-	-	-	-	-	-	8,523,578	8,523,578	8,523,578
Other comprehensive income / (loss)	-	-	-	-	-	17,775,990	17,775,990	-	(79,366)	(79,366)	17,696,624
Incremental depreciation charged relating to revaluation surplus of property, plant and equipment and disposals - net of deferred tax (note 19)	-	-	-	-	-	17,775,990	17,775,990	-	8,444,212	8,444,212	26,220,202
<b>Balance as at June 30, 2022</b>	96,653,179	(391,628)	96,261,551	1,500,000	509,172	69,713,296	71,722,468	5,372,356	76,815,343	82,187,699	250,171,718

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



**Syed Moonis Abdullah Alvi**  
Chief Executive Officer



**Saad Amanullah Khan**  
Director



**Muhammad Aamir Ghaziani**  
Chief Financial Officer

# Unconsolidated Statement of Cash Flows

## FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ------(Rupees in '000)-----	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		5,648,254	15,345,846
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation and amortisation	37 & 38	20,829,255	19,407,955
Provision for employee retirement benefits		1,061,766	1,024,492
Provision for slow moving and obsolete inventories - net	10.1	218,463	214,257
Impairment loss against trade debts and other receivables		24,847,263	15,743,291
Provision against fatal accident cases	31	36,642	52,900
Gain on sale of property, plant and equipment	40	(2,194,267)	(1,887,009)
Unrealised exchange gain / loss on long-term financing	48.4	9,539,840	(1,134,440)
Unrealised loss / (gain) on derivative financial assets		(5,997,523)	518,836
Unrealised exchange gain on other financial assets - at amortised cost		(906,456)	-
Unrealised exchange loss on other foreign liabilities		3,216,365	-
Interest income on term deposits		(31,575)	-
Finance cost (excluding amortisation of transaction cost)		14,790,325	10,820,291
Amortisation of transaction cost	48.4	330,133	292,701
Reversal of interest accrued on security deposits		(1,962,573)	-
Amortisation of deferred revenue	25	(2,405,777)	(2,193,134)
Return on bank deposits	40	(450,032)	(231,891)
<b>Operating profit before working capital changes</b>		<b>66,570,103</b>	<b>57,974,095</b>
<b>Working capital changes:</b>			
<b>(Increase) / decrease in current assets</b>			
Inventories		(1,196,183)	(3,330,907)
Trade debts		(51,461,186)	(20,625,808)
Loans and advances		924,139	(781,242)
Deposits and short term prepayments		(4,049,231)	(410,037)
Other receivables		(105,719,949)	(62,944,609)
		(161,502,410)	(88,092,603)
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		82,155,336	86,223,793
Short-term deposits		4,229,771	(52,191)
		86,385,107	86,171,602
<b>Cash (used in) / generated from operations</b>		<b>(8,547,200)</b>	<b>56,053,094</b>
Employee retirement benefits paid		(398,004)	(1,731,671)
Income tax paid		(3,507,518)	(2,744,078)
Receipts in deferred revenue	25	5,288,658	5,076,643
Finance cost paid		(20,119,046)	(14,575,732)
Payments made in respect of out of court settlements	31	(25,650)	(52,900)
Interest received on bank deposits	40	450,032	231,891
Long-term loans		1,966	2,664
Long-term deposits		-	(486)
		(18,309,562)	(13,793,669)
<b>Net cash (used in) / generated from operating activities</b>		<b>(26,856,762)</b>	<b>42,259,425</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred		(51,248,262)	(76,566,596)
Proceeds from disposal of property, plant and equipment		4,003,158	2,283,807
Investment in other financial asset - at amortised cost		(16,504,844)	-
Subscription of share capital in subsidiary	1.5	(92,900)	(182,100)
<b>Net cash used in investing activities</b>		<b>(63,842,848)</b>	<b>(74,464,889)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term diminishing musharaka - net	48.4	(4,400,000)	(3,241,590)
Proceeds from / (Repayment of) long-term financing - net	48.4	94,002,181	(851,972)
Lease payments	22.2	(50,167)	(45,215)
(Repayment of) / Proceeds from short-term borrowings - net	48.4	(5,858,876)	25,052,730
Security deposit from consumers	48.4	1,110,582	1,147,489
<b>Net cash generated from financing activities</b>		<b>84,803,720</b>	<b>22,061,442</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(5,895,890)</b>	<b>(10,144,022)</b>
Cash and cash equivalents at beginning of the year		(35,979,547)	(25,835,525)
<b>Cash and cash equivalents at end of the year</b>	46	<b>(41,875,437)</b>	<b>(35,979,547)</b>

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



**Syed Moonis Abdullah Alvi**  
Chief Executive Officer



**Saad Amanullah Khan**  
Director



**Muhammad Aamir Ghaziani**  
Chief Financial Officer

# Notes to the Unconsolidated Financial Statements

FOR THE YEAR ENDED JUNE 30, 2022

## 1. KE AND ITS OPERATIONS

1.1 K-Electric Limited (the Company / KE) 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 KE is situated at KE House, 39-B, Sunset Boulevard, Phase II, DHA, Karachi.

1.2 KE 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 NEPRA 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, 2021: 66.40 percent) shares in KE.

1.3 The business units of KE include the following:

### Place of business

Registered / Head Office  
Generation Plants  
Elander Road Office  
Civic Centre Office

### Geographical location

KE House, 39-B, Sunset Boulevard, Phase II, DHA, Karachi  
Port Qasim, Korangi & S.I.T.E., Karachi  
Elander Road, Karachi  
Civic Centre, Karachi

Integrated Business Centres (IBCs), grid stations, inventory stores / warehouses and substations are located across KE'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 KE. 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 PAIs on different dates with latest PAI being notified on June 28, 2022 incorporating amended / additional requirements pursuant to the Securities Act, 2015 and the aforementioned regulations.

1.5 The KE has following subsidiaries:

- i) KE Venture Company (Private) Limited (KEVCL), has been incorporated to invest in diverse initiatives within the energy sector of Pakistan. During the year, KE has further subscribed 9.29 million (June 30, 2021: 18.21 million) ordinary shares of KEVCL amounting to Rs. 92.9 million (June 30, 2021: 182.1 million). The total investment in KEVCL is currently 27.5 million (June 30, 2021: 18.21 million) ordinary shares amounting to Rs. 275 million (June 30, 2021: Rs. 182.1 million); and
- ii) K-Solar (Private) Limited (K-Solar) was incorporated as a wholly owned subsidiary of KEVCL. The principal activity of K-Solar is to provide customers with opportunities to diversify their energy sources through high quality and economic solutions.

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

- 1.6 These are separate financial statements of KE in which investment in subsidiary has been accounted for at cost less accumulated impairment. KE prepares consolidated financial statements comprising KE and its subsidiaries separately.
- 1.7 KE, being a regulated entity, is governed through Multi Year Tariff (MYT) regime. Accordingly, National Electric Power Regulatory Authority (NEPRA) determines tariff for KE 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, KE 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, KE, 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 KE's review motion and largely maintained its earlier decision. The Ministry of Energy (Power Division), Government of Pakistan (the GoP) on request of KE 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. KE after considering that the MYT decision did not consider actual equity invested into the KE, applied 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 KE an appropriate transition period, approached the Appellate Tribunal for relief under Section 12G of the NEPRA Act 1997 which has now become functional and KE's appeal is likely to be heard and decided accordingly. KE 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. KE, on April 3, 2019, withdrew the suit filed with HCS against MYT decision, as KE 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 KE's revenue for the current year has been based on the aforementioned MYT decision.

- 1.8 KE filed Mid Term Review (MTR) 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 KE along with other adjustments.

NEPRA held a public hearing on this matter on September 16 and 17, 2020. Considering the significant changes to macro-economic factors due to COVID-19, revision in investment plan and other changes in underlying factors, KE updated its earlier request of increase in base tariff of Rs. 1.64/kWh submitted through its letter dated October 1, 2020 and requested for an increase of Rs. 1.21/kWh in the base tariff effective July 1, 2016.

During the year, NEPRA issued its determination on MTR on March 1, 2022, (MTR decision) wherein NEPRA has determined a downward adjustment of Rs. 0.22/kWh. In its decision, NEPRA has not allowed additional investment requested, disallowed cost of working capital, allowed partial exchange rate variation for return on equity indexation and has not considered other adjustments. Being aggrieved, KE has filed an appeal before Appellate Tribunal and will pursue its legitimate concerns / issues with the Appellate Tribunal. However, prudently, the impact of the downward adjustment of Rs. 0.22/kWh has been recognised in these unconsolidated financial statements.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These unconsolidated 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 (the Act);

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and
- Provisions of and directives issued under the Act.

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

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

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

There were certain amendments to the accounting and reporting standards as applicable in Pakistan which became effective during the year ended June 30, 2022. These did not significantly affect the financial reporting of KE and therefore have not been disclosed in these unconsolidated financial statements, except for the following amendments:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest rate benchmark reform – Phase 2

The IASB has issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. The objective of the disclosures required by the Phase 2 amendments is to enable users of financial statements to understand the effect of IBOR reform on an entity's financial instruments and risk management strategy. The relevant information about the nature and extent of risks arising from IBOR reform to which KE is exposed, how KE manages those risks, and KE's progress in completing the transition to alternative benchmark rates and how it is managing that transition is disclosed in note 21.13.

### b) Amendments to accounting and reporting standards which are not yet effective however have been early adopted

- Amendment to IAS 16 'Property, Plant and Equipment' - Proceeds before the intended use

In 2020, the IASB made an amendment - Proceeds before the intended use in IAS 16 - "Property, Plant and Equipment". As a result, the net proceeds received from selling the output produced before the asset is ready for its intended use are to be recognized in the statement of profit or loss. Previously, such proceeds were deducted from the cost of the asset. This amendment is to be applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after beginning of the earliest period presented. The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with an option of early adoption.

KE has assessed its implication and decided to adopt the amendment early as permitted under the amendment and aligned with the accounting and reporting standards as applicable in Pakistan. The change in accounting policy has been made in accordance with the transitional provisions of the amendment. Had the amendments not been early adopted, revenue and cost of fuel for the year would have been lower by Rs. 8,117 million.

### c) 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 there against:

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 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

In addition to the above, the SECP through S.R.O. 1177 (I)/2021 dated September 13, 2021 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, 2022, 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 ECL on financial assets due from the GoP shall become applicable with effect from July 1, 2022. At present the impacts of application of ECL method on such financial assets are being assessed by KE's management.

### 2.3 Basis of measurement

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

### 2.4 Functional and presentation currency

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

### 2.5 Use of estimates and judgments

The preparation of unconsolidated 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 KE's accounting policies, management has made the following accounting estimates and judgments which are significant to these unconsolidated financial statements:

#### 2.5.1 Tariff adjustment determination

As per the mechanism laid out in the MYT decision, KE 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 KE 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

KE 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

KE 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. KE has the option, under its lease arrangements to lease the assets for additional terms. KE 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, KE 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

KE assesses the recoverability of these financial assets if there is objective evidence that KE 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

KE 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 KE'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. KE'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

KE 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 24.

### 2.5.7 Taxation

In making the estimate for income tax payable, KE 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 47.2 respectively.

### 2.5.9 Derivatives

KE 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 KE has a 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. Provision are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Property, plant and equipment

#### 3.1.1 Operating fixed assets

##### *Initial recognition*

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to KE 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 KE 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 KE 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 month of 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 net of deferred taxation 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 month of 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, KE 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, KE'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 KE under residual value guarantees, the exercise price of a purchase option if KE 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 KE 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 KE's estimate of the amount expected to be payable under a residual value guarantee, or if KE 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.

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

Further, the SECP through its SRO. 986 (I)/2019 dated September 2, 2019 granted exemption from IFRS 16 to the extent of the power purchase agreements executed prior to the effective date of IFRS 16 i.e. January 1, 2019. Accordingly, KE'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 is 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

KE 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 instruments 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

KE 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 KE'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 KE 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 financial instruments of KE.

### 3.5.2 Financial liabilities

All financial liabilities are recognised at the time when KE 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 unconsolidated financial statements if KE 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 Investment property

Investment property is initially measured at cost, including transaction 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.

### 3.7 Inventories

These are measured at moving average cost 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.

### 3.8 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. KE 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 3.10.1.

### 3.9 Derivative financial instruments and hedge accounting

KE 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, KE formally designates and documents the hedge relationship to which KE 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 KE 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.

### 3.10 Impairment

#### 3.10.1 Impairment of financial assets

Financial assets covered under IFRS 9

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

KE 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.

#### 3.10.2 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.

### 3.11 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 KE's cash management.

### 3.12 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.

### 3.13 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.

### 3.14 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.

### 3.15 Employee retirement and other service benefits

#### 3.15.1 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 an external actuary using the projected unit credit method. When the calculation results in a potential asset for KE, the recognised 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.

KE operates following retirement schemes for its employees:

#### (a) Defined benefit gratuity scheme

KE operates a funded gratuity scheme managed by trustees. The funded gratuity scheme covers all regular employees of KE who joined the Company upto September 30, 2021. 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 and its vesting is based on service period of employee. Contributions are made to the fund in accordance with the actuarial recommendations.

The Company has discontinued the gratuity for its employees who joined effective October 1, 2021.

#### (b) Post retirement medical benefits

KE 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

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

### 3.15.2 Defined contributory provident fund

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

### 3.15.3 Earned leave

KE 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 of certain employees remain. These are available for encashment and LPR.

### 3.16 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.

#### 3.16.1 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.

#### 3.16.2 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.

KE 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.

### 3.17 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.

### 3.18 Provisions

A provision is recognised when KE 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 reviewed at each reporting date and adjusted to reflect the current best estimate.

### 3.19 Contingencies

Contingencies are disclosed when KE has possible obligation that arises from past event and whose existence will be confirmed only by occurrence and non-occurrence of one or more uncertain future events not wholly within the control of KE, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

### 3.20 Revenue recognition and other income

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 and / or on the mechanism provided in consumer service manual 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 unconsolidated 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

KE 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. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs. 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 KE's unconsolidated 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 instruments 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 KE's chief operating decision maker i.e. the Board of Directors of KE in order to assess each segment's performance and to allocate resources to them.

### 3.26 Earnings per share

KE 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 KE 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	2022 ------(Rupees in '000)-----	2021
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	337,416,723	298,062,507
Capital work-in-progress (CWIP)	4.4	151,663,503	125,880,005
Right-of-use assets	4.5	167,983	126,716
		<u>489,248,209</u>	<u>424,069,228</u>

4.1. OPERATING FIXED ASSETS

Revaluation model	Cost model			Revaluation model										Cost model					Total
	Land	Buildings on	Plant and machinery	Leasehold land	Other land	Owned	Assets given under long term diminishing musharka sukuk (note 20.1)	Transmission grid equipment	Transmission lines and SCAOA equipment	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		
Level 2 fair value	Level 3 fair value																		
(Rupees in 000)																			
<b>Year ended June 30, 2020</b>																			
14,743,436	5,892,416	6,330,656	166,409,768	47,336,043	80,654,794	32,899,649	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				
(2,590,102)	(903,648)	(1,980,986)	(57,165,353)	(30,675,905)	(26,848,645)	(10,448,472)	(28,730,513)	(3,223,486)	(1,147,397)	(156,240)	(1,155,758)	(1,185,774)	(1,272,514)	(67,713)	(67,713)	(1,67,555,506)			
12,153,334	4,988,768	4,349,670	109,244,415	16,657,138	53,806,149	22,451,177	54,059,312	1,942,570	558,116	28,390	626,628	1,079,353	2,488,784	-	285,014,103				
<b>Year ended June 30, 2021</b>																			
12,153,334	4,988,768	4,349,670	109,244,415	16,657,138	53,806,149	22,451,177	54,059,312	1,942,570	558,118	28,390	626,628	1,079,353	2,488,784	-	285,014,103				
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
1,986,166	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	(44,741)	(210)	(377,240)	(1,719,385)	(14,205)	(31,264)	(13,797)	(13,746)	(5,746)	-	-	-	-	(2,328,945)		
-	-	-	31,623	188	233,912	98,701	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)	(5,299)	(1,380)	(67)	(695)	-	-	-	-	(396,798)		
<b>Reclassifications</b>																			
-	-	-	-	1,201	773,582	688,165	(2,816)	(1,440,132)	-	-	-	-	-	-	-	-	-		
-	-	-	-	(249)	(303,086)	(206,993)	2,535	507,783	-	-	-	-	-	-	-	-	-		
-	-	-	-	952	-	470,496	(281)	(932,339)	-	-	-	-	-	-	-	-	-		
<b>Depreciation change (note 4.1.7)</b>																			
(212,759)	-	(156,495)	(234,711)	(9,310,623)	(1,613,346)	(2,046,238)	(955,520)	(425,910)	(88,432)	(4,199)	(190,510)	(143,066)	(236,253)	-	(19,150,540)				
13,926,741	5,802,97	5,251,793	4,118,726	104,649,587	15,243,153	57,713,949	26,238,820	65,188,366	593,018	519,804	778,541	894,370	2,252,531	-	298,062,507				
<b>As at June 30, 2021</b>																			
16,729,602	6,311,896	6,334,423	171,094,189	47,535,213	86,677,006	37,756,104	95,948,516	3,720,416	1,729,668	170,833	2,111,130	2,306,059	3,761,298	67,713	482,836,406				
(2,802,861)	-	(1,080,143)	(2,215,697)	(66,444,602)	(32,292,063)	(28,963,057)	(11,517,284)	(30,760,150)	(3,127,398)	(148,022)	(1,332,589)	(1,323,689)	(1,508,767)	(67,713)	(184,773,899)				
13,926,741	5,251,793	4,118,726	104,649,587	15,243,153	57,713,949	26,238,820	65,188,366	593,018	519,804	22,811	778,541	894,370	2,252,531	-	298,062,507				
<b>Year ended June 30, 2022</b>																			
13,926,741	5,251,793	4,118,726	104,649,587	15,243,153	57,713,949	26,238,820	65,188,366	593,018	519,804	22,811	778,541	894,370	2,252,531	-	298,062,507				
2,028	407,218	473,893	184,441	5,282,624	45,122	2,329,683	4,109,080	77,878	25,407	3,034	622,281	43,205	-	-	36,613,133				
1,324,753	-	-	-	17,677,983	526,219	5,507,651	-	-	-	-	-	-	-	-	25,036,606				
<b>Disposals (note 4.2)</b>																			
-	-	-	(2,567,543)	(344,234)	(1,537,579)	(446,876)	(1,934,465)	(117,696)	(35,892)	(30,920)	(121,341)	(8,500)	(41,440)	-	(7,185,486)				
-	-	-	1,526,416	285,709	1,933,864	398,448	1,656,755	117,696	26,169	27,828	120,447	7,042	20,221	-	5,376,595				
-	-	-	(1,041,127)	(59,525)	(343,715)	(51,428)	(777,710)	(9,223)	(9,223)	(3,092)	(894)	(1,469)	(21,219)	-	(1,808,891)				
(250,979)	-	(161,543)	(9,447,946)	(1,693,293)	(2,287,454)	(1,023,208)	(4,381,584)	(220,562)	(87,656)	(3,321)	(310,284)	(144,734)	(238,219)	-	(20,486,632)				
15,002,543	987,515	5,564,243	4,067,318	117,121,121	14,062,676	62,920,124	29,273,264	83,536,201	450,334	19,432	1,089,644	881,383	1,983,093	-	337,416,723				
<b>As at June 30, 2022</b>																			
18,056,383	987,515	6,785,929	6,516,864	191,487,253	47,762,323	92,976,771	41,419,308	3,680,598	1,719,183	142,947	2,612,070	2,342,764	3,719,858	67,713	537,300,659				
(3,053,840)	-	(1,221,866)	(2,461,546)	(74,386,132)	(33,699,647)	(30,056,647)	(12,146,044)	(33,484,979)	(1,271,351)	(123,515)	(1,522,426)	(1,461,381)	(1,726,765)	(67,713)	(199,883,936)				
15,002,543	987,515	5,564,243	4,067,318	117,121,121	14,062,676	62,920,124	29,273,264	83,536,201	450,334	19,432	1,089,644	881,383	1,983,093	-	337,416,723				
<b>Annual rate of depreciation (%)</b>																			
1.01 to 3.03	2	2 to 20	2.85 to 33.33	2.85 to 33.33	3 to 10	3 to 33	3 to 10	20	10 to 15	20	14.33 to 33.33	10 to 15	3.33 to 20	14.33					

#### 4.1.1 Leasehold land

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

#### 4.1.2 Other land

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

	Note	2022	2021
		------(Rupees in '000)-----	
Amenity			
- Leasehold		948,268	541,050
- Freehold (mainly grid)		671	671
		<u>948,939</u>	<u>541,721</u>
Leasehold land – owned	4.1.2.1	38,576	38,576
		<u>987,515</u>	<u>580,297</u>

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 unconsolidated 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, 2022	13,677,789	15,002,542
Plant and machinery	Harvester Services (Private) Limited	June 30, 2022	112,903,028	131,107,230
Transmission grid equipment	Harvester Services (Private) Limited	June 30, 2022	57,406,835	62,914,486

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. 12,002 million, Rs. 92,387 million and Rs. 47,186 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, 2022 and June 30, 2021 under the cost model would have been as follows:

	Cost		Written down value	
	2022	2021	2022	2021
	------(Rupees in '000)-----			
Leasehold land	833,055	831,027	719,063	731,013
Plant and machinery	136,214,137	133,198,668	68,939,331	71,590,687
Transmission grid equipment	57,374,378	55,764,940	41,260,329	40,433,323
	<u>194,421,570</u>	<u>189,794,635</u>	<u>110,918,723</u>	<u>112,755,023</u>

#### 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 KE and the trend of prices of major raw material i.e. copper and steel. Depreciation is then applied on the basis of average spent life on straight line basis.

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

For plant and machinery, valuer has ascertained the value on the basis of depreciated replacement cost. The total assessed value of the plant is obtained on the basis of manufacturing cost of the machine on the international standard and practice. The rates of manufacturing of similar kinds of machinery are acquired from different manufacturers. Depreciation is then applied on the basis of average spent life on straight line basis.

The actual fair value of plant and machinery would increase / decrease if current manufacturing cost 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 unconsolidated financial statements.

4.1.5 The cost of fully depreciated assets as at June 30, 2022 is Rs. 69,627 million (2021: Rs. 52,009 million).

4.1.6 Due to nature of KE's operations, certain assets included in transmission and distribution network are not in possession of KE. In view of large number of consumers, the management considers it impracticable to disclose particulars of assets not in the possession or control of KE 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	2022 ------(Rupees in '000)-----	2021
Expenses incurred in generation, transmission and distribution	37	15,664,668	15,185,523
Consumers services and administrative expenses	38	4,821,964	3,965,017
		<u>20,486,632</u>	<u>19,150,540</u>

## 4.2 The details of operating fixed assets disposed of 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)						
<b>Plant and machinery</b>							
Auxiliary Transformer Main Brown Boveri	20,311	4,303	16,008	4,230	(11,778)	Tender	M/s. Sar Metals Inco.
Battery and Cell	46,010	25,950	20,060	163	(19,897)	Tender	M/s. Sar Metal Inco.
Battery and Cell	84,413	15,439	68,974	365	(68,609)	Tender	M/s. Metpak Industries (Pvt.) Ltd.
Boiler & Turbine Plant Equipment	41,023	8,333	32,690	2,996	(29,694)	Tender	M/s. Bismillah Metal Impex
Boiler & Turbine Plant Equipment	269,330	233,028	36,302	3,591	(32,711)	Tender	M/s. Metpak Industries (Pvt.) Ltd.
Boiler & Turbine Plant Equipment	53,505	39,613	13,892	6,640	(7,252)	Tender	M/s. Bismillah Metal Impex
Condenser & Equipments 220MW (ST)	904	302	602	31	(571)	Tender	M/s. Universal Metal (Pvt) Ltd
Flood Light 150W	1,556	491	1,065	6	(1,059)	Tender	M/s. Bismillah Metal Impex
Gas Engine 1&3 Block	24,340	18,235	6,105	502	(5,603)	Tender	M/s. M.M Alloys (Pvt.) Ltd.
Gas Turbine	1,083,534	859,187	224,347	146,229	(78,118)	Tender	M/s. Metpak Industries (Pvt.) Ltd.
Level Gauge, P00000661 (CCPP GT-4)	742	184	558	26	(532)	Tender	M/s. Shahzad & Sons
Main Turbine Terminal Box MTTB-1 & 4	3,779	1,318	2,461	131	(2,330)	Tender	M/s. Ashfaq And Sons
Main Turbine Terminal Box MTTB-4	1,816	642	1,174	479	(695)	Tender	M/s. Bismillah Metal Impex
P&M- Engine	1,223	367	856	29	(827)	Tender	M/s. Universal Metal (Pvt) Ltd
P&M Spares	14,968	6,290	8,678	350	(8,328)	Tender	M/s. Bismillah Metal Impex
P&M-Auxiliary	45,739	13,295	32,444	1,064	(31,380)	Tender	M/s. Sar Metals Inco.
P&M-Cwp System	20,170	11,759	8,411	269	(8,142)	Tender	M/s. Abdullah Engineering Works
P&M-Others	34,250	12,316	21,934	751	(21,183)	Tender	M/s. Bismillah Metal Impex
Sector Plate Assembly, Cold End	1,168	264	904	15	(889)	Tender	M/s. Bismillah Metal Impex
Water Treatment Plant (Sea Water ) (Sgtii)	960	188	772	33	(739)	Tender	M/s. M.M Alloys (Pvt.) Ltd.
<b>Transmission grid equipment and lines</b>							
Aluminium Cable	8,037	7,203	834	6,079	5,245	Tender	M/s Bismillah Metal Impex
Battery and Cell	39,839	11,974	27,865	172	(27,693)	Tender	M/s. Sar Metals Inco.
Battery and Cell	16,514	5,229	11,285	549	(10,736)	Tender	M/s Universal Metal (Pvt) Ltd
Battery Bank 240 V	3,194	883	2,311	99	(2,212)	Tender	M/s Sar Metal Inco.
Battery Charger 110 Volt (Gis) Nife	5,495	1,591	3,904	84	(3,820)	Tender	M/s Metpak Industries (Pvt.) Ltd.
Blower System Carrier	11,796	3,577	8,219	10	(8,209)	Tender	M/s Metpak Industries (Pvt.) Ltd.
Breaker CT and PT	6,397	5,757	640	3,670	3,030	Tender	M/s Bismillah Metal Impex
Breaker CT and PT	5,681	5,113	568	2,940	2,372	Tender	M/s M.M Alloys (Pvt.) Ltd.
Bushing and Isolater	76,478	68,830	7,648	6,421	(1,227)	Tender	M/s Bismillah Metal Impex
Bushing And Isolater	107,344	96,609	10,735	1,840	(8,895)	Tender	M/s M.M Alloys (Pvt.) Ltd.
Cell Capacitor	9,473	2,714	6,759	46	(6,713)	Tender	M/s Ashfaq And Sons
Copper Conductor	6,287	5,635	652	53,276	52,624	Tender	M/s Universal Metal (Pvt) Ltd
Copper Various Items	5,602	5,041	561	10,221	9,660	Tender	M/s Bismillah Metal Impex
Disc Insulator	22,775	19,670	3,105	2,255	(850)	Tender	M/s Bismillah Metal Impex
Disc Insulator	18,552	16,697	1,855	1,229	(626)	Tender	M/s Home Impex
Disc Insulator	17,612	15,808	1,804	607	(1,197)	Tender	M/s M.N. Enterprises
Disc Insulator	10,244	9,219	1,025	937	(88)	Tender	M/s Sar Metal Inco.
Electronic Equipment	15,995	14,396	1,599	116	(1,483)	Tender	M/s Bismillah Metal Impex
Fiber Optic Cable	13,797	8,313	5,484	3,832	(1,652)	Tender	M/s Bismillah Metal Impex
In and Out Panel	183,899	133,974	49,925	40,813	(9,112)	Insurance Claim	M/s Adamjee Insurance Ltd
Panel and Line Breaker	18,707	12,247	6,460	1,468	(4,992)	Tender	M/s Abdullah Engineering Works
Relay Control Box	5,309	4,778	531	11	(520)	Tender	M/s M.M Alloys (Pvt.) Ltd.
Remote Control Panel 40 MVA	3,502	946	2,556	3	(2,553)	Tender	M/s Metpak Industries (Pvt.) Ltd.
Switch Gear 11 KV	25,855	11,538	14,317	6,630	(7,687)	Tender	M/s K.G.M Alloys
Switch Gear 11 KV	5,788	1,789	3,999	241	(3,758)	Tender	M/s Metpak Industries (Pvt.) Ltd.
Switch Gear 11 KV Asea	3,924	2,081	1,843	151	(1,692)	Tender	M/s RM Steel Industry
Switch Gear 11 KV Outgoing Panel	20,534	6,525	14,009	1,618	(12,391)	Tender	M/s Rana and Company
Switch Panel and Switches	35,429	31,887	3,542	3,509	(33)	Tender	M/s Abdullah Engineering Works
Switch Panel and Switches	8,756	7,075	1,681	4,995	3,314	Tender	M/s Sar Metal Inco.
Switches and Trolleys	84,229	24,390	59,839	1,817	(58,022)	Tender	M/s Bismillah Metal Impex
Transformer - PMTs	669,458	596,175	73,283	88,988	15,705	Tender	M/s Bismillah Metal Impex
Transformers	267,768	238,456	29,312	32,200	2,888	Tender	M/s Abdullah Engineering Works
Trolley, Vcb Outgoing 11KV,WKC	2,911	309	2,602	112	(2,490)	Tender	M/s RM Steel Industry
VCB Panel Outgoing	1,559	143	1,416	292	(1,124)	Tender	M/s M.M Alloys (Pvt.) Ltd.

	Original cost / Revalued amount	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer
	(Rupees in '000)						
<b>Distribution</b>							
Energy Meter	86,031	73,556	12,475	45,463	32,988	Tender	M/s. Abdullah Engineering Works
VCB Trolleys	36,100	32,490	3,610	4,325	715	Tender	M/s. Abdullah Engineering Works
Poles	11,487	10,339	1,148	17,368	16,220	Tender	M/s. Abdullah Engineering Works
Poles	6,628	5,965	663	8,869	8,206	Tender	M/s. Al Karam Steel Trading
Switches	25,132	22,618	2,514	3,598	1,084	Tender	M/s. Al-Had International
Cell Capacitor	6,441	5,797	644	31	(613)	Tender	M/s. Ashfaq And Sons
Aluminum Conductor and Cable	62,320	49,161	13,159	74,141	60,982	Tender	M/s. Bismillah Metal Impex
Copper Conductor and Cable	46,853	36,214	10,639	173,072	162,433	Tender	M/s. Bismillah Metal Impex
Energy Meter	272,499	234,372	38,127	116,807	78,680	Tender	M/s. Bismillah Metal Impex
Poles	19,264	17,338	1,926	24,519	22,593	Tender	M/s. Bismillah Metal Impex
Switches	10,639	9,575	1,064	2,145	1,081	Tender	M/s. Bismillah Metal Impex
Transformer - PMTs	17,831	6,754	11,077	3,714	(7,363)	Tender	M/s. Bismillah Metal Impex
Transformer - PMTs & VCB Trolleys	5,267	4,740	527	2,386	1,859	Tender	M/s. Bismillah Metal Impex
VCB Trolleys	650	66	584	62	(522)	Tender	M/s. Bismillah Metal Impex
Energy Meter	154,085	137,042	17,043	54,712	37,669	Tender	M/s. M.M Alloys (Pvt.) Ltd.
Switches	32,518	29,266	3,252	3,946	694	Tender	M/s. M.M Alloys (Pvt.) Ltd.
VCB Trolleys	45,901	41,311	4,590	7,293	2,703	Tender	M/s. M.M Alloys (Pvt.) Ltd.
Poles	7,017	6,316	701	7,215	6,514	Tender	M/s. M.N. Enterprises
Transformer - Tank Housing with Core	1,021	498	523	315	(208)	Tender	M/s. M.N. Enterprises
VCB Trolleys	26,536	23,882	2,654	3,393	739	Tender	M/s. Sar Metals Inco.
Switches	27,589	24,831	2,758	3,346	588	Tender	M/s. Sar Metals Inco.
Switches	3,393	471	2,922	102	(2,820)	Tender	M/s. Metpak Industries (Pvt.) Ltd.
Cell Capacitor	26,767	24,090	2,677	343	(2,334)	Tender	M/s. Muhammad Ashfaq
Switches	65,124	56,301	8,823	7,754	(1,069)	Tender	M/s. Rana and Company
VCB Trolleys	19,590	17,631	1,959	2,200	241	Tender	M/s. Rana and Company
Breaker CT and PT	5,049	4,544	505	2,101	1,596	Tender	M/s. RM Steel Industry
Poles	74,060	66,654	7,406	98,595	91,189	Tender	M/s. RM Steel Industry
Aluminium Cable	2,468	1,825	643	5,202	4,559	Tender	M/s. Universal Metal (Pvt) Ltd
Copper Conductor and Cable	51,328	44,073	7,255	223,442	216,187	Tender	M/s. Universal Metal (Pvt) Ltd
<b>Furniture, Air conditioners and office equipment</b>							
Air conditioning equipment	1,012	273	739	417	(322)	Tender	M/S.Metpak Industries (Pvt) Ltd
<b>Items having written down value below Rs. 500,000</b>							
Computers and related equipment	538	493	45	257	212	Laptop buyback	Various employees
Computers and related equipment	121,445	120,594	851	2,746	1,895	Tender	Various Vendors
Distribution Network	902,572	786,730	115,842	2,083,729	1,967,887	Tender	Various Vendors
Furnitures, Airconditioner & office equipment	34,880	25,896	8,984	8,834	(150)	Tender	Various Vendors
Plant & Machinery	425,969	324,787	101,182	74,307	(26,875)	Tender	Various Vendors
Tools & General Equipments	8,863	7,325	1,538	1,247	(291)	Tender	Various Vendors
Transmission Grid Equipments and Lines	244,715	211,741	32,974	300,045	267,071	Tender	Various Vendors
Vehicles	30,922	27,826	3,096	33,736	30,640	Tender	Various Vendors
	1,769,904	1,505,392	264,512	2,504,901	2,240,389		
<b>Gas Turbine Main Terminal Box MTTB-1 Partially Retired</b>							
	776,501	255,134	521,367	156,250	(365,117)	Exchange case	M/s. GE Packaged Power Inc.
<b>June 30, 2022</b>							
	7,185,486	5,376,595	1,808,891	4,003,158	2,194,267		
<b>June 30, 2021</b>							
	2,328,945	1,932,147	396,798	2,283,807	1,887,009		

4.3 The details of immovable fixed assets (land and buildings) of the Company are as follows:

Particulars	Location	Total Area of Land Square Yards
<b>Power Plants</b>		
Bin Qasim Power Complex	Bin Qasim, Karachi	1,079,979
Korangi Power Station	Korangi, Karachi	545,516
Site Gas Turbine Power Station	S.I.T.E., Karachi	27,491
Korangi Town Power Station	Korangi, Karachi	19,360
<b>Open Plots</b>		
Open plot in Deh Kharkhero for Grid	Malir, Karachi	250,107
Open plot at Green Belt P.E.C.H.S. for Grid	P.E.C.H.S., Karachi	10,275
Open plot for Complain center in Uthal survey 755	District Lasbella	2,000
Open plot in Gulistan-e-Joher (FL-15-16)	Gulistan-e-Joher, Karachi	9,680
Shireen Jinnah Colony Yard	Clifton, Karachi	1,233
Open plot for KE Officers Club	Phase VIII, DHA, Karachi	6,000
Open plot in Taiser Town Sector-45 for substation	Taiser Town, Karachi	1,540
Open plot in Baldia Town Scheme-29 for substation	Baldia, Karachi	750
Open plot in Hawksbay Scheme-42 for substation	Hawksbay Scheme-42, Karachi	680
Open plot in Lyari Qtrs Old Kalri for substation	Lyari, Karachi	280
Open plot in SITE (Pump House)	S.I.T.E., Karachi	725
Open plot in SUR-78 DEH Thoming for Grid Station	Scheme - 33, Karachi	7,623
Open plot in Deh Halkani, Mangopir for Grid Station	Mangopir, Karachi.	9,680
Open plot in Pir Gul Hassan Town Phase 2, Ring Road 91-92, Scheme 33 for Grid Station	Scheme 33, Karachi	8,249
Open plot in Army Directorate Housing Scheme Askari-V, Malir Cantt for Grid Station	Malir Cantt Karachi	9,680
Open plot in Deh Lal Bakhar Dist Kemari, 40 Acres from NC-255 for Grid Station	Lal Bakhar Dist Kemari	193,600
<b>Offices</b>		
KE Head Office	Gizri, DHA, Karachi	19,405
Elander Road	Elander Road, Karachi	22,091
AL-Mava	P.E.C.H.S., Karachi	2,000
Other Offices	Various areas in Karachi	9,810
<b>Residential Colonies</b>		
Gulshan-e-Hadeed	Bin Qasim, Karachi	121,000
Korangi	Korangi, Karachi	1,200
<b>Grid Stations / IBCs / substations / stores</b>	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 equipments / lines	Distribution network / renewals of mains and services	Others	2022	2021
	(Rupees in '000)					
Balance at beginning of the year	67,231,779	23,112,544	29,552,623	5,983,059	125,880,005	75,849,191
Additions during the year (note 4.4.1)	25,981,030	12,078,015	24,080,745	631,813	62,771,603	80,882,339
	93,212,809	35,190,559	53,633,368	6,614,872	188,651,608	156,731,530
Transfers to operating fixed assets and intangible assets (notes 4.1 and 5.1)	(5,252,525)	(7,416,516)	(23,563,671)	(755,393)	(36,988,105)	(30,851,525)
Balance at end of the year	87,960,284	27,774,043	30,069,697	5,859,479	151,663,503	125,880,005

4.4.1 These include borrowing cost capitalised during the year amounting to Rs. 11,523 million (2021: Rs. 4,316 million).

	Note	2022	2021
		------(Rupees in '000)-----	
<b>4.5 Right-of-use assets</b>			
<b>Cost</b>			
Opening balance		182,779	146,506
Additions during the year		77,580	40,106
Derecognition	4.5.6	(13,791)	(3,833)
		<u>246,568</u>	<u>182,779</u>
<b>Accumulated depreciation</b>			
Opening balance		(56,063)	(28,939)
Depreciation charge	38	(36,313)	(30,957)
Derecognition		13,791	3,833
		<u>(78,585)</u>	<u>(56,063)</u>
Net book value as at June 30		<u>167,983</u>	<u>126,716</u>

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

4.5.2 KE's obligations under its leases are secured by the lessor's title to the leased assets. KE 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 KE also has certain leases of machinery with lease terms of 12 months or less. KE applies the 'short-term lease' recognition exemptions for these leases. The expense relating to short-term leases recognised in these unconsolidated financial statements amounting to Rs. 19.6 million (June 30, 2021: Rs. 24.6 million).

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

	Note	2022	2021
		------(Rupees in '000)-----	
<b>5. INTANGIBLE ASSETS</b>			
<b>Computer software</b>			
Cost	5.1	2,259,979	1,885,007
Amortisation to date	5.2	(1,741,090)	(1,495,737)
		<u>518,889</u>	<u>389,270</u>
<b>5.1 Cost</b>			
Opening balance		1,885,007	1,643,058
Additions during the year	4.4	374,972	241,949
		<u>2,259,979</u>	<u>1,885,007</u>
<b>5.2 Amortisation to date</b>			
Opening balance		(1,495,737)	(1,330,236)
Amortisation during the year	37 & 38	(245,353)	(165,501)
		<u>(1,741,090)</u>	<u>(1,495,737)</u>
<b>Useful life</b>		<u>3 years</u>	<u>3 years</u>

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

		Note	2022	2021
			------(Rupees in '000)-----	
<b>6.</b>	<b>INVESTMENT PROPERTY</b>			
	Leasehold land - at net book value	6.2 & 6.3		
	Cost		3,047,856	3,047,856
	Accumulated depreciation	6.1	(121,914)	(60,957)
			<u>2,925,942</u>	<u>2,986,899</u>
<b>6.1</b>	<b>Accumulated depreciation</b>			
	Opening balance		(60,957)	-
	Depreciation charge	38	(60,957)	(60,957)
			<u>(121,914)</u>	<u>(60,957)</u>
	<b>Useful life</b>		<u>50 years</u>	<u>50 years</u>
	<b>Annual rate of depreciation (%)</b>		<u>2.00%</u>	<u>2.00%</u>

6.2 In the year 2016, KE 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 KE 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 KE.

6.3 The fair value of the land as at June 30, 2022, as assessed by an external valuer, amounts to Rs. 4,104 million (June 30, 2021: Rs. 3,888 million) (Level 2 inputs).

		Note	2022	2021
			------(Rupees in '000)-----	
<b>7.</b>	<b>OTHER FINANCIAL ASSETS - AT AMORTISED COST</b>			
	Investments in term deposit receipts	7.1	17,411,300	-
	Less:			
	Current maturity shown under current assets		(1,088,032)	-
			<u>16,323,268</u>	<u>-</u>

7.1 These represent term deposits aggregating to USD 84.99 million maintained with Dubai Islamic Bank Pakistan Limited (DIBPL). These carry profit at the rate of three months LIBOR and are due to mature in three month installments starting from November 3, 2022 and ending on August 3, 2034. These term deposits are part of the long term foreign exchange hedge arrangement as explained in note 21.11.

## 8. LONG-TERM LOANS

		Note	Secured	Unsecured	2022	2021
			House building loans (note 8.1)	Festival loans (note 8.2)	------(Rupees in '000)-----	
	<b>Considered good</b>					
	Executives		-	36	36	36
	Employees		83	12,322	12,405	15,412
			<u>83</u>	<u>12,358</u>	<u>12,441</u>	<u>15,448</u>
	Recoverable within one year shown under current assets	13	(83)	(459)	(542)	(1,583)
			<u>-</u>	<u>11,899</u>	<u>11,899</u>	<u>13,865</u>

- 8.1 House building loans, carrying mark-up @ 6% (2021: 6%) per annum, are recoverable over a period of sixteen years. These are secured against equitable mortgage of related properties.
- 8.2 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.
- 8.3 Long-term loans have not been discounted to their present values as the financial impact thereof is not considered to be material.

	2022	2021
	------(Rupees in '000)-----	
<b>9. LONG-TERM DEPOSITS</b>		
<b>Considered good</b>		
Rental premises and others	11,744	11,744
<b>Considered doubtful</b>		
Rental premises	1,020	1,020
Provision for impairment	(1,020)	(1,020)
	-	-
	<u>11,744</u>	<u>11,744</u>

		2022	2021
		------(Rupees in '000)-----	
<b>10. INVENTORIES</b>	<b>Note</b>		
High speed diesel (HSD)		796,320	669,224
Furnace oil		3,233,726	2,354,424
		<u>4,030,046</u>	<u>3,023,648</u>
Stores, spare parts and loose tools		14,362,377	14,172,592
		<u>18,392,423</u>	<u>17,196,240</u>
Provision against slow moving and obsolete stores, spare parts and loose tools	10.1	(1,331,831)	(1,113,368)
		<u>17,060,592</u>	<u>16,082,872</u>
<b>10.1 Provision against slow moving and obsolete stores, spare parts and loose tools</b>			
Opening balance		1,113,368	899,111
Provision recognised during the year - net	37 & 38	218,463	214,257
		<u>1,331,831</u>	<u>1,113,368</u>
<b>11. TRADE DEBTS</b>			
<b>Considered good</b>			
Secured – against deposits from consumers	11.1	5,745,925	5,502,226
Unsecured		131,097,109	99,212,154
	11.2 & 11.3	<u>136,843,034</u>	<u>104,714,380</u>
<b>Considered doubtful</b>		100,618,760	97,746,537
		<u>237,461,794</u>	<u>202,460,917</u>
Provision for impairment against debts considered doubtful	11.5	(100,618,760)	(97,746,537)
		<u>136,843,034</u>	<u>104,714,380</u>

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

- 11.2 These balances do not include any Late Payment Surcharge (LPS) on receivables from public sector consumers, as fully explained in note 32.1.1, on the contention that due to the circular debt situation, the LPS should only be received by KE from its public sector consumers, if any surcharge is levied on KE on account of delayed payments of its public sector liabilities.

As at June 30, 2022, receivable from government and autonomous bodies amounting to Rs. 48,309 million (2021: Rs. 51,396 million) includes unrecognised LPS of Rs. 9,571 million (2021: Rs.9,079 million); which includes receivable from Karachi Water and Sewerage Board (KW&SB) amounting to Rs.32,848 million including unrecognised LPS of Rs. 5,076 million (2021: Rs. 32,240 million including unrecognised LPS of Rs. 4,686 million) and receivable from City District Government Karachi (CDGK) amounting to Rs.8,449 million including unrecognised LPS of Rs.1,926 million (2021: Rs. 11,609 million including unrecognised LPS of Rs. 1,873 million).

Upto June 30, 2022, adjustment orders amounting to Rs. 12,434 million (2021: Rs. 12,434 million) have been received from the Government of Sindh (GoS) whereby KE's liability on account of electricity duty has been adjusted against the KW&SB dues.

- 11.3 This include receivable from consumers in relation to Fuel Surcharge Adjustment amounting to Rs. 45,676 million (June 30, 2021: Rs. 7,080 million) which is recoverable post determination from NEPRA.
- 11.4 Ministry of Energy (Power Division) issued a corrigendum dated January 22, 2020, whereby, in accordance with GoP's uniform tariff policy, KE 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 KE to charge determined tariff as per SRO 575(I)/2019 dated May 22, 2019 instead of applying corrigendum. Being aggrieved, KE 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. Further, on March 17, 2022, the SCP dismissed the petitions.

KE, based on the views of its external counsel, understands that when an appeal is simply dismissed, the judgment of the lower court is upheld. If that is the case, the Judgment of the High Court would be back in the field and KE would be entitled to recover a portion of the amount from its consumers whereas, a claim for the remaining amount would be made against the GoP as the High Court did not disallow such a claim. However, the written order is still awaited to be announced and in case the Honourable Supreme Court gives its own reasoning then the respective liabilities of the parties will depend on the exact reasoning and/or directions of the Honourable Supreme Court and further course of action will be decided after receipt of written order, including filing a review petition against the SCP order in exercise of the legal remedy available to KE.

		2022	2021
		------(Rupees in '000)-----	
<b>11.5</b>	<b>Provision for impairment</b>		
	Note		
	Opening balance	97,746,537	101,500,529
	Provision made during the year	19,332,532	15,743,291
		<u>117,079,069</u>	<u>117,243,820</u>
	Write-off against provision during the year	(16,460,309)	(19,497,283)
		<u>100,618,760</u>	<u>97,746,537</u>

- 11.5.1 This includes write-off amounting to Rs. 14,489 million (2021: Rs. 16,040 million) to be claimed as tariff adjustment in accordance with the criteria prescribed by NEPRA as explained in note 34.2.
- 11.6 Impairment loss against trade debts determined using the ECL model amounts to Rs. 19,330 million (2021: Rs. 15,743 million), Further, provision against public sector consumers recognised during the year amounted to Rs. 2.966 million (2021: Rs. 0.408 million).
- 11.7 Energy sales to and purchases from Karachi Nuclear Power Plant (KANUPP) are recorded on net basis.
- 11.8 The receivables from government and autonomous bodies have been disclosed in note 11.2 above, however, due to the nature of KE's operations and large number of related parties, the management considers it impracticable to disclose the particulars of trade receivable due from other related parties as required under the Fourth Schedule to the Companies Act, 2017.

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

	Note	2022 ------(Rupees in '000)-----	2021
<b>Neither past due nor impaired</b>			
Upto 30 days		80,840,647	43,343,369
<b>Past due but not impaired</b>			
30 days upto 6 months		6,965,339	6,835,042
6 months upto 1 year		9,484,961	7,806,387
1 - 2 years		10,507,139	12,271,097
2 - 3 years		7,938,205	9,955,160
3 - 4 years		6,243,181	8,136,889
Over 4 years		14,863,562	16,366,436
		<u>136,843,034</u>	<u>104,714,380</u>

## 12. LOANS AND ADVANCES

<b>Loans – secured</b>			
<b>Considered good</b>			
Current portion of long term loans	8	542	1,583
<b>Advances – unsecured</b>			
<b>Considered good</b>			
Employees	12.1	121,100	110,764
Suppliers		1,541,877	2,475,311
		<u>1,662,977</u>	<u>2,586,075</u>
<b>Considered doubtful</b>			
Suppliers		130,340	130,340
		<u>1,793,317</u>	<u>2,716,415</u>
Provision for impairment against advances considered doubtful	12.2	(130,340)	(130,340)
		<u>1,662,977</u>	<u>2,586,075</u>
		<u>1,663,519</u>	<u>2,587,658</u>

12.1 These are advances to employees for business related expenses.

12.2 There has been no change in the provision during the year.

## 13. DEPOSITS AND SHORT-TERM PREPAYMENTS

<b>Deposits</b>	13.1 & 13.2	6,214,025	3,827,283
<b>Prepayments</b>			
Rent		4,492	5,773
Insurance and others	13.3	1,835,915	172,145
		<u>1,840,407</u>	<u>177,918</u>
		<u>8,054,432</u>	<u>4,005,201</u>

13.1 These include Rs. 30 million (2021: Rs. 38 million), representing margins / security deposits held by commercial banks against guarantees, letters of credit and other payments.

13.2 These include Rs. 5,850 million (2021: Rs. 3,542 million) representing deposits under lien against settlement of loans and sukuk repayments with commercial banks. These carry mark-up ranging from 8.00% to 13.06% (2021: 5.93 % to 6.13%) per annum.

13.3 This includes transaction cost paid in respect of loan amount of Sinosure and Hermes supported facility amounting to Rs 1,588 million (June 30, 2021: Rs. Nil) which is not yet drawn.

	Note	2022 ------(Rupees in '000)-----	2021
<b>14. OTHER RECEIVABLES</b>			
Due from the Government of Pakistan (GoP) and Government of Balochistan (GoB) - net:			
- Tariff adjustment		355,338,042	266,875,046
- Sales tax - net		19,050,156	7,365,116
- Interest receivable from GoP on demand finance liabilities		237,173	237,173
- Others		5,864,080	464,001
	14.1 & 14.2	380,489,451	274,941,336
Others		249,036	45,627
		380,738,487	274,986,963
Provision for impairment	14.1	(5,514,731)	-
		375,223,756	274,986,963

14.1 This includes:

- Rs. 51,637 million recorded as claims for write off of trade debts. The claims submitted by KE for the years ended June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020 and June 30, 2021 aggregating to Rs. 37,148 million have been pending for determination by NEPRA for which NEPRA through its letters dated December 31, 2019, March 10, 2021, March 30, 2022 and June 8, 2022 stated that further deliberation is required in respect of the above-mentioned claims before these can be allowed as an adjustment in tariff. Further, provisional claim amounting to Rs. 15,000 million pertaining to year ended June 30, 2022 has been submitted which is also pending for determination by NEPRA.

The claim for the year ended June 30, 2022 will be actualised to Rs. 14,489 million after the approval of these unconsolidated financial statements by the Board of Directors of KE.

- Rs. 6,037 million (2021: 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 KE 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 KE 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 KE 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 KE. 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, KE'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. KE 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.

- Subsidy receivable of Rs. 677 million (2021: 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 KE and that it was only for Quetta Electric Supply Company Limited that supplied electricity in similar areas. KE is in continuous engagement with the Ministry of Energy (Power Division) for resolution of this matter, however, the subsidised portion will be recovered by KE from the relevant consumers in the event the subsidy claim is not honoured and recovered from the Government.

- Gas load management plan differential amounting to Rs. 2,618 million (2021: Rs. 2,618 million), outstanding tariff differential claims pertaining to the period January 2014 to December 2014 amounting to Rs. 12,672 million (2021: Rs. 12,672 million) and outstanding industrial support package adjustment amounting to Rs. 34,529 million (2021: 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. KE 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 KE from GoP. Further, this includes tariff variations pending determination by NEPRA, accrued in accordance with the MYT decision.

KE on a prudent basis has recognised provision amounting to Rs. 5,515 million during the year.

- 14.2 These include receivable from following related parties:

	Note	2022 ------(Rupees in '000)-----	2021
KEVCL	14.2.1	5,663	4,112
K-Solar	14.2.1	32,364	8,996
CPPA / NTDC	14.2.1	464,001	464,001
Pakistan Post Office	14.2.1 & 14.2.2	5,400,079	-
		<u>5,902,107</u>	<u>477,109</u>

- 14.2.1 These represent the maximum aggregate amount due from the aforementioned related parties at the end of any month during the year.

- 14.2.2 This represents receivable from Pakistan Post Office on account of collections from consumers not yet transferred to KE.

- 14.2.3 Age analysis of other receivables from related parties:

	June 30, 2022			Total
	Upto 6 months	7 to 12 months	More than 12 months	
	------(Rupees in '000)-----			
KEVCL	1,551	-	4,112	5,663
K-Solar	12,517	10,849	8,998	32,364
CPPA / NTDC	-	-	464,001	464,001
Pakistan Post Office	5,400,079	-	-	5,400,079
	<u>5,414,147</u>	<u>10,849</u>	<u>477,111</u>	<u>5,902,107</u>

	Note	2022 ------(Rupees in '000)-----	2021
15. DERIVATIVE FINANCIAL ASSETS			
Cross currency swap	15.1 & 15.2	<u>8,033,631</u>	<u>3,276,351</u>

- 15.1 KE has entered into multiple cross currency swap arrangements with commercial banks in connection with foreign currency borrowings as disclosed in notes 21.1, 21.2, 21.4, 21.5 and 21.6. Pursuant to the agreements, KE's foreign currency borrowings up to USD 239.33 million (2021: USD 116.96 million) and EUR 24.92 million (2021: EUR 32.04 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 0.80%.

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

	Note	2022 ------(Rupees in '000)-----	2021
<b>16. CASH AND BANK BALANCES</b>			
Cash in hand		45,122	39,256
Cash with:			
Conventional banks:			
- Current accounts		190,656	115,401
- Deposit accounts	16.1	341,332	128,148
- Collection accounts		1,874,579	1,974,532
		2,406,567	2,218,081
Islamic banks:			
- Current accounts		90,738	7,013
- Deposit accounts	16.1	27,614	38,206
- Collection accounts		276,091	68,335
		394,443	113,554
		2,846,132	2,370,891

16.1 These carry mark-up at rates ranging from 4.5% to 13.05% (2021: 4.5% to 6.28%) per annum.

## 17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022	2021		Note	2022 (Rupees in '000)	2021
		<b>Authorised share capital</b>			
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
<u>35,714,285,714</u>	<u>35,714,285,714</u>			<u>125,000,000</u>	<u>125,000,000</u>
		<b>Issued, subscribed and paid-up capital</b>			
		Issued for cash			
14,493,490,368	14,493,490,368	Ordinary shares of Rs. 3.5 each fully paid	17.2 & 17.3	50,727,215	50,727,215
		Issued for consideration other than cash			
12,988,827,989	12,988,827,989	Ordinary shares of Rs. 3.5 each fully paid	17.4 to 17.8	45,460,898	45,460,898
		Issued as bonus shares			
132,875,889	132,875,889	Ordinary shares of Rs. 3.5 each fully paid as bonus shares		465,066	465,066
13,121,703,878	13,121,703,878	Transaction costs on issuance of shares		45,925,964	45,925,964
				(391,628)	(391,628)
<u>27,615,194,246</u>	<u>27,615,194,246</u>		17.1	<u>96,261,551</u>	<u>96,261,551</u>

17.1 KES Power Limited (the Holding Company) held 18,335,542,678 ordinary shares as at June 30, 2022 (2021: 18,335,542,678) i.e. 66.40% of KE's issued, subscribed and paid up capital.

- 17.2 The shareholders of KE, by way of a special resolution passed in the Extra Ordinary General Meeting (EOGM) of KE, 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, KE 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 KE.
- 17.3 During the year ended June 30, 2013, KE converted its redeemable preference shares into ordinary shares of KE. 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 KE became the holder of three ordinary shares for every four redeemable preference shares held. Consequently, KE converted 1,714,285,713 redeemable preference shares having face value of Rs. 3.5 each, which amounts to Rs. 6,000 million, into 1,285,714,284 ordinary shares having face value of Rs. 3.5 each, which amounts to Rs. 4,500 million, resulting in share premium of Rs. 1,500 million.
- 17.4 During the year ended June 30, 1999, KE issued 304,512,300 ordinary shares of Rs. 10 each as a result of the conversion of overdue outstanding balance of (a) rescheduled foreign currency loan of Rs. 1,968 million; and (b) cash development loan of Rs. 1,077 million, aggregating Rs. 3,045 million at that date, into equity.
- 17.5 During the year ended June 30, 2002, the shareholders of KE, by way of a special resolution, passed in the Annual General Meeting (AGM) of KE, finalised the conversion of KE's debt servicing liabilities, aggregating Rs. 17,835 million, into equity. As a result, KE issued 1,783,456,000 ordinary shares of Rs. 10 each at par. The subscription agreement in this regard was entered into on January 24, 2002.
- 17.6 As per the decision taken in the Economic Coordination Committee (ECC) meeting, held on April 16, 2002, which was also approved by the President of Pakistan, the Ministry of Finance (MoF) conveyed through its letter dated April 27, 2002, that all the loans of GoP and GoP guaranteed loans outstanding against KE be converted into equity. Accordingly, loans aggregating to Rs. 65,341 million were converted into equity of GoP in KE.
- 17.7 The shareholders of KE, by way of a special resolution passed in the AGM of KE 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, KE issued 4,366,782,389 ordinary shares of Rs. 3.5 each at par. The subscription agreement in this regard was entered into on December 20, 2004.
- 17.8 The shareholders of KE, by way of a special resolution passed in the EOGM held on May 27, 2002, resolved the reduction of share capital of KE, subsequent to the completion of the conversion of GoP and GoP guaranteed loans of Rs. 65,341 million into equity (note 17.6). The paid-up capital, which was lost or not represented by assets of KE, to the extent of Rs. 6.50 per share on each of the issued ordinary shares of KE 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 KE by Rs. 6.50 per share. The Board of Directors of KE 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 KE. Accordingly, the reduction in share capital of Rs. 57,202 million was adjusted against the accumulated losses of KE.
- 17.9 Profits earned by KE since 2009 have all been reinvested into KE's business taking into account the capital expenditure requirements, KE'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, 2022 (hereinafter defined as "Adjusted Invested Equity") comprises of issued share capital, reserves (excluding surplus on revaluation of fixed assets), adjusted profits since 2009 which were retained in the business (excluding impact of deferred tax asset and incremental depreciation relating to surplus on revaluation of fixed assets) and excluding impact of accumulated losses till the year ended June 30, 2011.

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

	Note	2022 ------(Rupees in '000)-----	2021
Shareholders' equity in the statement of financial position		250,171,718	223,951,516
Surplus on revaluation of property, plant and equipment - net	19	(69,713,296)	(55,932,669)
		<u>180,458,422</u>	<u>168,018,847</u>
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	19	(28,474,445)	(22,845,738)
Adjusted Invested Equity (excluding impact of accumulated losses up to June 30, 2011 and surplus on revaluation of property, plant and equipment)		<u>231,848,638</u>	<u>225,037,770</u>
The Adjusted Invested Equity is summarised below:			
Issued, subscribed and paid up capital	17	96,261,551	96,261,551
Capital reserves excluding surplus on revaluation of property, plant and equipment - net of tax	18	2,009,172	2,009,172
General reserve		5,372,356	5,372,356
Profits available for distribution reinvested in KE (Total comprehensive income for the year excluding the impact of deferred tax asset and incremental depreciation):			
- FY 2012 to FY 2021		147,131,094	147,131,094
- FY 2022		6,810,868	-
		<u>153,941,962</u>	<u>147,131,094</u>
		257,585,041	250,774,173
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)		<u>231,848,638</u>	<u>225,037,770</u>
<b>18. SHARE PREMIUM AND OTHER RESERVES</b>			
Share premium	17.3	1,500,000	1,500,000
Others	18.1	509,172	509,172
		<u>2,009,172</u>	<u>2,009,172</u>
<b>18.1 Others</b>			
Unclaimed fractional bonus shares money	18.1.1	46	46
Workmen compensation reserve	18.1.2	700	700
Third party liability reserve	18.1.3	300	300
Fire and machinery breakdown insurance reserve	18.1.4	508,126	508,126
		<u>509,172</u>	<u>509,172</u>

#### 18.1.1 Unclaimed fractional bonus shares money

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

#### 18.1.2 Workmen compensation reserve

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

### 18.1.3 Third party liability reserve

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

### 18.1.4 Fire and machinery breakdown insurance reserve

KE 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, KE discontinued its policy for providing the amount under self-insurance scheme with effect from the year ended June 30, 1998. Operating fixed assets, which are self insured against this reserve and on which claim lodged with respect to damages to such assets is not fully acknowledged by the insurer, the shortfall is to be charged against this reserve.

## 19. REVALUATION SURPLUS ON 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	2022 ------(Rupees in '000)-----	2021
Balance as at the beginning of the year		78,778,407	83,425,826
Transferred to unappropriated profit in respect of incremental depreciation charged / disposals during the year, net of deferred tax		(3,995,363)	(4,709,845)
Related deferred tax liability		(1,631,909)	(1,923,740)
Revaluation surplus arising during the year	4.1.3	25,036,606	1,986,166
		19,409,334	(4,647,419)
		98,187,741	78,778,407
Less: Related deferred tax liability on:			
- Revaluation at the beginning of the year		(22,845,738)	(24,193,490)
- Revaluation surplus arising during the year	26.1	(7,260,616)	(575,988)
- Incremental depreciation charged / disposals during the year		1,631,909	1,923,740
		(28,474,445)	(22,845,738)
		69,713,296	55,932,669
<b>20. LONG-TERM DIMINISHING MUSHARAKA</b>			
KE Sukuk of Rs. 22,000 million	20.1	-	4,384,851
KE Sukuk of Rs. 25,000 million	20.2	24,827,900	24,778,804
		24,827,900	29,163,655
Less: Current maturity shown under current liabilities		(3,750,000)	(4,400,000)
		21,077,900	24,763,655

20.1 During the year ended June 30, 2015, KE had 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. KE, 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 carried profit at the rate of 3 months KIBOR + 1% with quarterly rental payments. These certificates were issued for a tenure of seven years, which have matured and fully repaid on June 17, 2022.

20.2 This represents amount outstanding (net of transaction cost) against 5 million KE Sukuk certificates, issued by KE during the year ended June 30, 2021, having face value of Rs. 5,000 each aggregating to Rs. 25,000 million. 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. KE, 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, KE 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 KE. The overall arrangement has been accounted for in these financial statements on the basis of substance of the transaction.

This Sukuk is secured against fixed assets located at certain grid stations (excluding any immovable properties), hypothecation charge over specific collections accounts & deposits and lien on specific accounts and deposits by way of first pari passu charge.

	Note	2022 ------(Rupees in '000)-----	2021
<b>21. LONG-TERM FINANCING</b>			
<b>From banking companies and financial institutions - secured</b>			
<b>Conventional:</b>			
Hermes financing facility - 1	21.1 & 21.9	5,328,584	6,000,731
Sinosure financing facility - 1	21.2 & 21.9	13,917,588	13,493,255
Syndicate Term Finance facility	21.3 & 21.9	8,407,579	10,976,322
GuarantCo. financing facility	21.4 & 21.9	6,448,817	7,809,046
Hermes financing facility - 2	21.5 & 21.9	19,661,086	-
Sinosure financing facility - 2	21.6 & 21.9	40,958,609	-
Local Project Finance facility	21.7 & 21.9	12,246,785	-
Corporate Syndicate facility	21.8 & 21.9	16,823,337	-
Salary refinance scheme	21.10	-	750,000
		123,792,385	39,029,354
<b>With Islamic banks:</b>			
Syndicate Term Finance facility	21.3 & 21.9	6,825,000	8,925,000
Local Project Finance facility	21.7 & 21.9	1,432,278	-
Corporate Syndicate facility	21.8 & 21.9	1,967,513	-
Musharaka loan	21.11	16,504,844	-
		150,522,020	47,954,354
<b>Less:</b>			
Current maturity shown under current liabilities		(19,861,731)	(12,303,651)
		130,660,289	35,650,703
<b>Others - Unsecured</b>			
Due to oil and gas companies		610	610
Current maturity shown under current liabilities		(610)	(610)
		-	-
<b>Unsecured</b>			
GoP loan for the electrification of Hub area	21.12	26,000	26,000
Current maturity shown under current liabilities		(26,000)	(26,000)
		-	-
		130,660,289	35,650,703

21.1 This represents Pakistan Rupee equivalent outstanding balance of EUR 24.922 million (2021: EUR 32.04 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. KE has executed cross currency swaps with commercial banks to hedge KE's foreign currency principal payment obligations under the facility.

21.2 This represents Pakistan Rupee equivalent (net of transaction cost) outstanding balance of USD 71.527 million (2021: US 91.96 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. In November 2020, 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. KE has executed cross currency swaps with commercial banks to hedge KE's foreign currency principal payment obligations under the facility.

- 21.3 This represents outstanding balance (net of transaction cost) against Syndicate Term Finance Facility of Rs. 23.5 billion entered into on November 6, 2018 with a syndicate of local commercial banks. The loan is being 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.
- 21.4 This represents Pakistan Rupee equivalent (net of transaction cost) outstanding balance of USD 17.857 million against disbursed under GuarantCo. supported facility agreement entered into on August 22, 2019, with Standard Chartered Bank, London Branch. This also represents outstanding balance of 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. KE has executed cross currency swap with a commercial bank to hedge KE's foreign currency principal payment obligation under the USD facility.
- 21.5 This represents Pakistan Rupee equivalent (net of transaction cost) outstanding balance of USD 115.15 million disbursed under Hermes supported facility agreement entered into on August 10, 2021 for USD 123.23 million, with a syndicate of foreign commercial lenders. The loan is being utilised to fund BQPS-III combined cycle power plant and associated transmission projects of KE. The loan carries mark-up at 3 month LIBOR + 1.35% per annum. The loan is to be settled in 48 quarterly instalments as per the terms of the agreement commencing from February 3, 2023 with final repayment due on August 3, 2034. KE has executed cross currency swaps with commercial banks to hedge KE's foreign currency principal obligations under the facility.
- 21.6 This represents Pakistan Rupee equivalent (net of transaction cost) outstanding balance of USD 219.33 million disbursed under Sinosure supported facility agreement entered into on September 3, 2021 for USD 291.1 million, with a syndicate of foreign commercial lenders. The loan is being utilised to fund BQPS-III combined cycle power plant and associated transmission projects of KE. The loan carries mark-up at 3 month LIBOR + 2.90% per annum. The loan is to be settled in 48 quarterly instalments as per the terms of the agreement commencing from November 3, 2022 with final repayment due on August 3, 2034. KE has executed cross currency swaps amounting to USD 34.8 million with a commercial bank to hedge KE's foreign currency principal obligations under the facility. KE has also entered into a Shariah Compliant Long Term Foreign Exchange Hedge Arrangement for an amount of USD 84.99 million which is further explained in note 7 and 21.11.
- 21.7 This represents amount outstanding (net of transaction cost) under Syndicate Term Finance Facility entered into on November 24, 2021 with a syndicate of local commercial lenders for an amount of Rs. 13,904 million. The proceeds of the loan have been partially utilised to settle the bridge facility referred in note 29.4 and remaining proceeds have been utilised to fund BQPS-III combined cycle power plant and associated transmission projects of KE. The loan carries mark-up at 3 month KIBOR + 2.25% per annum. The loan is to be settled in 48 quarterly instalments commencing earlier of (i) within three months after the commercial operation date of the BQPS III Project or (ii) expiry of two years from facility effective date i.e December 30, 2021.
- 21.8 This represents amount outstanding (net of transaction cost) under Corporate Term Finance Facility entered into on November 24, 2021 with a syndicate of local commercial lenders for an amount of Rs. 19,096 million. The proceeds of the loan have been partially utilized to settle the bridge facility referred in note 29.4 and remaining proceeds are to be utilized for meeting permanent working capital requirements in relation to BQPS-III combined cycle power plant and associated transmission projects of KE. The loan carries mark-up at 3 month KIBOR + 2.15% per annum. The loan is to be settled in 40 quarterly instalments commencing earlier of (i) within three months after the commercial operation date of the BQPS III Project or (ii) expiry of two years from facility effective date i.e December 30, 2021.
- 21.9 The above facilities, stated in notes 21.1 to 21.8, 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 KE, not exceeding fifteen percent (15%) of the aggregate value, wheresoever located;

- hypothecation charge over specific consumers' receivables and specific collection accounts; and
- lien on specific accounts and deposits by way of first pari passu charge.

- 21.10 During the year, KE has repaid the entire outstanding loan balance of Rs. 750 million against loan of Rs. 1,000 million which was obtained from Bank Al-Falah Limited under the State Bank of Pakistan (SBP) Salary refinance scheme to partially finance employee payroll for the months of July, August and September 2020. The loan carried subsidised mark-up of 0.45% per annum payable in arrears on quarterly basis and the principal amount was to be settled in 8 quarterly installments.
- 21.11 This represents outstanding balance in relation to the Shariah compliant long term foreign exchange hedge arrangement availed from Dubai Islamic Bank Pakistan Limited (DIBPL) which has been structured on a diminishing musharaka mode and has been utilized to hedge the currency risk arising under a tranche of Sinasure Supported Financing Facility as referred in note no. 21.6. This hedging arrangement involves payment of profit at the rate of 3 months KIBOR + 1.20% per annum and is structured in a way that its repayment dates fall in line with Sinasure financing facility - 2. This hedging arrangement has been secured against a ranking hypothecation charge over current assets and a lien and right of set off over the Term Deposit Receipt maintained with DIBPL as referred to in note 7.1.
- 21.12 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. KE is in the process of settlement of this loan.
- 21.13 These include foreign currency facilities subject to Inter-bank Offer Rate (IBOR) reforms which are not expected to significantly impact the company's current risk management strategy and possibly accounting for certain financial instruments. The transition from LIBOR to Secure Overnight Financing Rate (SOFR) is expected to be completed by mid of 2023.

	Note	2022 ------(Rupees in '000)-----	2021
<b>22. LEASE LIABILITIES</b>			
Lease liabilities		175,659	132,065
Less: Current maturity shown under current liabilities	22.1	(26,765)	(31,723)
		<u>148,894</u>	<u>100,342</u>

- 22.1 The maturity analysis of lease liabilities is as follows:

	Future minimum lease payments	Interest	Present value of future minimum lease payments
	(Rupees in '000)		
Less than one year	46,620	19,855	26,765
Between one and five years	141,136	54,999	86,137
More than five years	75,174	12,417	62,757
	<u>262,930</u>	<u>87,271</u>	<u>175,659</u>

- 22.2 The cash outflow in respect of lease payments for the year ended June 30, 2022 is Rs. 50.2 million (2021: Rs. 45.2 million).

### 23. 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 KE in accordance with the requirements of written agreements and in terms of section 217 of the Companies Act, 2017.



	Gratuity		Medical benefits		Electricity benefits	
	2022	2021	2022	2021	2022	2021
(Rupees in '000)						
<b>24.1.5 Movement in present value of defined benefit obligations</b>						
Balance at the beginning of the year	6,459,128	6,174,367	711,886	633,450	403,308	399,904
Current service cost	636,495	602,049	24,979	22,136	14,085	13,718
Past service cost	-	-	14,287	21,994	44,938	58,186
Interest cost	587,398	483,596	63,276	47,928	29,716	24,976
Remeasurements: Actuarial (gain) / loss	(59,064)	169,121	136,712	93,428	(1,884)	(2,299)
Benefits paid	(1,051,627)	(970,005)	(111,756)	(107,050)	(79,719)	(91,177)
Balance at the end of the year	<u>6,572,330</u>	<u>6,459,128</u>	<u>839,384</u>	<u>711,886</u>	<u>410,444</u>	<u>403,308</u>
<b>24.1.6 Movement in fair value of plan assets</b>						
Balance at the beginning of the year	3,571,462	2,660,000				
Interest income	311,743	250,047				
Remeasurements: Actuarial (loss) / gain	(36,019)	97,976				
Contributions made	206,529	1,533,444				
Benefits paid	(1,051,627)	(970,005)				
Balance at the end of the year	<u>3,002,088</u>	<u>3,571,462</u>				
<b>24.1.7 Plan assets comprise of:</b>						
Bank deposits	401,684	421,407				
Corporate bonds	409,244	335,921				
Mutual funds	1,348,583	1,403,995				
Government bonds	1,193,620	1,769,442				
Benefits due	(351,043)	(359,303)				
	<u>3,002,088</u>	<u>3,571,462</u>				

#### 24.1.8 Principal actuarial assumptions used in the actuarial valuation:

Financial assumptions	2022	2021
Discount rate	13.00%	9.90%
Salary increase	10.75%	7.80%
Electricity tariff increase	7.75%	4.70%
Medical cost trend	7.75%	4.70%
<b>Demographic assumptions</b>		
Expected mortality rate	70% of the EFU (61-66)	70% of the EFU (61-66)
Expected withdrawal rate	Moderate	Moderate

#### 24.1.9 The plans expose KE to the following risks:

##### Salary risk

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

##### Mortality / withdrawal risk

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

##### Investment risks

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

#### 24.1.10 Sensitivity analysis for actuarial assumptions

The impact of one percent movement in the assumptions used in determining retirement benefit obligations would have had the following effects on the June 30, 2022 actuarial valuation:

	June 30, 2022	
	1% increase	1% decrease
	------(Rupees in '000)-----	
Discount rate	(562,622)	650,336
Salary increase	565,989	(495,782)
Electricity tariff increase	26,097	(23,387)
Medical cost trend	68,808	(61,098)

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

#### 24.1.11 Maturity profile

Projected payments during the following years is as follows:

	Gratuity	Medical benefits	Electricity benefits
	(Rupees in '000)		
Benefit payments:			
FY 2023	477,896	67,081	28,433
FY 2024	835,053	73,226	30,412
FY 2025	904,162	78,856	36,193
FY 2026	971,404	85,446	37,538
FY 2027	933,233	94,741	46,618
FY 2028-32	5,308,273	573,247	292,160

#### 24.1.12 Plan duration

	Gratuity	Medical benefits	Electricity benefits
	Years		
June 30, 2022	9.2	8.8	8.3
June 30, 2021	8.9	8.7	7.9

24.1.13 Based on the actuarial advice, KE is to charge approximately Rs. 1,031 million, Rs. 132 million and Rs. 57 million in respect of gratuity, medical benefits and electrical benefits schemes, respectively, during the year ending June 30, 2023.

#### 24.1.14 Accumulating leaves

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

	Note	2022 ------(Rupees in '000)-----	2021
<b>25. DEFERRED REVENUE</b>			
Balance at beginning of the year		27,697,647	24,814,138
Recoveries from customers during the year	25.1	5,288,658	5,076,643
		<u>32,986,305</u>	<u>29,890,781</u>
Amortisation for the year	40	(2,405,777)	(2,193,134)
		<u>30,580,528</u>	<u>27,697,647</u>

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

## 26. DEFERRED TAXATION

26.1 The deferred tax balance as at June 30, 2022 comprise of the following:

	Balance as at July 1, 2020	Recognised in profit or loss	Recognised in OCI	Balance as at June 30, 2021	Recognised in profit or loss	Recognised in OCI	Balance as at June 30, 2022
----- (Rupees in '000) -----							
Deferred tax liability on:							
Accelerated tax depreciation	(33,928,465)	(2,983,518)	-	(36,911,983)	(1,945,424)	-	(38,857,407)
Surplus on revaluation of property, plant and equipment	(24,193,490)	1,923,740	(575,988)	(22,845,738)	1,631,909	(7,260,616)	(28,474,445)
	<u>(58,121,955)</u>	<u>(1,059,778)</u>	<u>(575,988)</u>	<u>(59,757,721)</u>	<u>(313,515)</u>	<u>(7,260,616)</u>	<u>(67,331,852)</u>
Deferred tax asset on:							
Available tax losses	28,168,353	2,423,600	-	30,591,953	6,700,150	-	37,292,103
Provision for gratuity and compensated absences	1,563,169	(201,785)	47,059	1,408,443	208,321	32,417	1,649,181
Others	28,390,433	(633,108)	-	27,757,325	633,243	-	28,390,568
	<u>58,121,955</u>	<u>1,588,707</u>	<u>47,059</u>	<u>59,757,721</u>	<u>7,541,714</u>	<u>32,417</u>	<u>67,331,852</u>
	<u>-</u>	<u>528,929</u>	<u>(528,929)</u>	<u>-</u>	<u>7,228,199</u>	<u>(7,228,199)</u>	<u>-</u>

26.2 As at June 30, 2022, KE has aggregated deferred tax debits amounting to Rs. 196,830 million (2021: Rs. 149,538 million) out of which deferred tax asset amounting to Rs. 67,332 million (2021: 59,758 million) has been recognised and remaining balance of Rs. 129,498 million (2021: Rs. 89,780 million) remains unrecognised. As at year end, KE's carried forward tax losses amounted to Rs. 575,138 million (2021: Rs. 415,076 million), out of which business losses amounting Rs. 314,702 million (2021: Rs. 177,710) have expiry period till financial year 2028.

## 27. TRADE AND OTHER PAYABLES

		2022	2021
	Note	------(Rupees in '000)-----	
<b>Trade creditors</b>			
Power purchases		306,689,269	234,486,600
Fuel and gas		49,490,805	21,166,153
Others		22,889,350	41,960,100
	27.1	<u>379,069,424</u>	<u>297,612,853</u>
<b>Accrued expenses</b>	27.2	5,611,945	6,131,052
<b>Contract liabilities</b>			
Energy	27.3	1,375,167	1,176,428
Others	27.4	3,785,276	3,060,017
		<u>5,160,443</u>	<u>4,236,445</u>
<b>Other liabilities</b>			
Employee related dues		227,599	206,360
Payable to provident fund		92,868	92,636
Electricity duty	27.5	15,385,507	11,238,500
Tax deducted at source	27.5	1,780,564	1,954,656
PTV license fee	27.5	93,650	162,289
Workers' profits participation fund	27.6	3,484,674	3,769,853
Workers' welfare fund	27.7	944,391	944,391
Payable to the Managing Agent - PEA (Private) Limited		28,871	28,871
Others including clawback	32.1.2	27,380,844	27,476,867
		<u>49,418,968</u>	<u>45,874,423</u>
		<u>439,260,780</u>	<u>353,854,773</u>
27.1	These include payable to following related parties:		
	Central Power Purchasing Agency (Guarantee) Limited (CPPA)	290,370,514	226,794,171
	Pakistan State Oil Company Limited	14,013,530	2,559,046
	Sui Southern Gas Company Limited	34,083,799	18,603,489
	Pakistan LNG Limited	1,389,857	-
	BYCO Petroleum Pakistan Limited	3,619	3,619
		<u>339,861,319</u>	<u>247,960,325</u>
27.2	These include an aggregate amount of Rs. 1,750 million (2021: Rs. 1,219 million) representing outstanding claims / dues of property taxes, water charges, ground rent and occupancy value payable to various government authorities.		
27.3	These represent amount due to the consumers on account of excess payments and revision of previous bills. During the year, the Company has billed revenue amounting to Rs. 363 million in respect of amount due to consumers as at June 30, 2021.		
27.4	These represent general deposits received from consumers in respect of meters, mains & lines alteration and scrap sales, etc. During the year, the Company has transferred amount of Rs. 259 million to deferred revenue in respect of outstanding deposits as at June 30, 2021 upon completion of the related work.		
27.5	Electricity duty, tax deducted at source and PTV license fee are collected by KE from the consumers on behalf of the concerned authorities.		
27.6	Sindh Companies Profit (Workers Participation) Act, 2015 (SWPPF Act) was enacted on April 22, 2016 and is applicable retrospectively with effect from July 1, 2011. Sindh Revenue Board (SRB) issued show cause notices to KE 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. KE 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 (2021: Rs. 3,141 million) in respect of years 2012 to 2015 is being maintained by KE. Movement of provision during the year is as follows:		
		2022	2021
	Note	------(Rupees in '000)-----	
Balance at beginning of the year		3,769,853	3,394,555
Provision recognised during the year	39	297,369	807,676
Payment made to the fund	27.6.1	(582,548)	(432,378)
Balance at end of the year		<u>3,484,674</u>	<u>3,769,853</u>

27.6.1 This represents payments made to the fund in respect of WPPF for the year ended June 30, 2021 (2021: June 30, 2019 & June 30, 2020).

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

Further, Sindh Workers Welfare Fund Act, 2014 (SWWF) was enacted on June 4, 2015, which requires every industrial undertaking in the province of Sindh to pay 2% of its total income as SWWF. KE had received show cause notices for the years 2015 and 2016 from Sindh Revenue Board (SRB) for the payment of SWWF. KE 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 KE.

			2022	2021
		Note	------(Rupees in '000)-----	
<b>28.</b>	<b>ACCRUED MARK-UP</b>			
	Mark-up on long-term financing		3,066,841	559,259
	Mark-up on borrowings relating to Financial Improvement Plans		15,357	15,357
	Mark-up on short-term borrowings		2,278,583	1,052,155
	Interest on consumer deposits	32.1.6	-	1,962,573
	Financial charges on delayed payment to suppliers	32.1.1	5,268,823	5,268,823
			<u>10,629,604</u>	<u>8,858,167</u>
<b>29.</b>	<b>SHORT-TERM BORROWINGS</b>			
	<b>Secured:</b>			
	<b>From banking companies:</b>			
	Bills payable			
	- Conventional	29.1 & 29.2	31,084,318	18,702,092
	- Shariah compliant	29.1 & 29.2	3,729,565	1,500,000
	Short-term running finances			
	- Conventional	29.1 & 29.3	39,302,744	32,835,438
	- Shariah compliant	29.1 & 29.3	5,418,825	5,515,000
	Bridge term finance facility			
	- Conventional	29.4	-	26,400,000
	- Shariah compliant	29.4	-	1,910,000
		29.7	<u>79,535,452</u>	<u>86,862,530</u>
	<b>From others:</b>			
	Privately placed sukuks			
	- Shariah compliant	29.5	28,000,000	-
	Islamic Commercial Paper			
	- Shariah compliant	29.6	-	20,160,667
			<u>107,535,452</u>	<u>107,023,197</u>

29.1 The total limit of various financing facilities available from banks aggregate to Rs. 94,925 million (2021: Rs. 76,718 million) out of which Rs. 15,390 million (2021: Rs. 18,165 million) remained unutilised as of reporting date.

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

29.3 KE 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 tenor KIBOR + 0.05% 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 KE.

29.4 A bridge finance facility for an amount of Rs. 28,310 million was entered into on July 26, 2020 with local commercial banks for funding BQPS-III combined cycle power plant and associated transmission projects of KE. The facility carried mark-up at 3-month KIBOR + 2% per annum, payable in quarterly installments. The facility was repaid in December 2021 through proceeds of the facilities as referred in notes 21.7 and 21.8.

- 29.5 These represent six distinct privately placed and unsecured Sukuk certificates of 6 months' tenor amounting to Rs. 28 billion (issue size) in aggregate maturing from August 4, 2022 to October 27, 2022. These carry profit at 6 month KIBOR + 0.85% to 0.95% per annum.
- 29.6 During the year, KE made repayments of five distinct privately placed and unsecured Islamic Commercial Paper (ICP) of 6 months' tenor amounting to Rs. 20,500 million (face value) in aggregate.
- 29.7 These include borrowings from related parties amounting to Rs. 3,935 million (June 30, 2021: Rs. 3,953 million) relating to bills payables and Rs. 10,299 million (June 30, 2021: Rs. 3,484 million) relating to short-term running finances.

	Note	2022 ------(Rupees in '000)-----	2021
<b>30. SHORT-TERM DEPOSITS</b>			
Service connection deposits	30.1	19,433,512	13,581,171
Suppliers' deposits		77,226	33,249
Earnest / Retention money	30.2	6,501,274	5,757,698
		<u>26,012,012</u>	<u>19,372,118</u>

30.1 These include non-interest bearing amounts deposited by the consumers in respect of service connections, extension of mains and street lights. The same are refundable if related work is not completed by KE. Upon completion of work, these deposits are transferred to deferred revenue (note 25).

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

	Note	2022 ------(Rupees in '000)-----	2021
<b>31. PROVISION</b>			
Balance at beginning of the year		7,500	7,500
Provision made during the year		36,642	52,900
Payments made in respect of out of court settlements		(25,650)	(52,900)
Balance at end of the year	31.1	<u>18,492</u>	<u>7,500</u>

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

## 32. CONTINGENCIES AND COMMITMENTS

### 32.1 Contingencies

32.1.1 Mark-up on overdue balances with National Transmission and Dispatch Company (NTDC) / Central Power Purchasing Agency (Guarantee) Limited (CPPA), a major government owned power supplier, has not been accrued in these unconsolidated 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 KE. KE 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 KE's tariff differential claims directly to NTDC. Up to June 30, 2022, the MoF has released KE's tariff differential claims aggregating Rs. 465,891 million (June 30, 2021: Rs. 392,942 million) directly to NTDC / CPPA. Additionally, KE has also directly paid Rs. 67,167 million up to June 30, 2022 (June 30, 2021: Rs. 46,668 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.

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, 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, 2022 amounts to Rs. 113,720 million (June 30, 2021: Rs. 80,312 million) which is on the premise that while the outstanding amounts were to be adjusted against tariff differential claims, KE is eventually responsible for payments of all outstanding amounts, including mark-up. However, KE has not acknowledged the disputed mark-up claimed by NTDC / CPPA as debt, as KE 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 KE on timely basis.

In addition to above, the mark-up claimed by Sui Southern Gas Company Limited (SSGC) through its monthly invoices upto June 30, 2022 aggregates to Rs. 129,505 million (June 30, 2021: Rs. 109,341 million), which has not been accrued by KE. In view of KE, 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 KE's liquidity and hence the mark-up claim is not tenable.

In the year ended June 30, 2013, SSGC filed a suit against KE, 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. KE 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 KE. On October 7, 2019, the Court vacated a stay order dated December 3, 2012 granted in favour of SSGC which restrained KE from selling its immovable properties. Subsequently, SSGC had filed an appeal bearing HCA No. 353/2019 before the High Court of Sindh which is pending. Both these suits are pending adjudication to date.

Further, KE 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 KE on supply of adequate gas by SSGC. The dispute of mark-up claim has also been mentioned in the payment plan. KE's management is of the view that the principal payments made by KE 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 KE's view is not tenable.

KE had filed an application CMA No. 12178/2018 in pending Suit No. 1263/2011 (Suit filed by KW&SB) before the High Court of Sindh for payment of outstanding liability of approximately Rs. 27.5 billion by the Government of Sindh. After hearing the parties, the Court vide order dated November 18, 2021 allowed the application in favour of KE whereby, the Government of Sindh has been directed to pay the outstanding liability of KW&SB amounting to Rs. 27.5 billion to KE and accordingly submit a payment plan.

During the year, KE's already stretched working capital position was further strained mainly due to the significant increase in fuel prices and accumulation of balance of tariff differential claims. Further, SSGC is not supplying the minimum required quantity of indigenous gas as per the CCOE decision dated May 2, 2018 and directions of Honorable HCS dated April 17, 2018, resulting in higher fuel costs for KE in the form of RLNG. As a result, all the working capital lines of KE have been exhausted. KE had informed Ministry of Energy (Power Division) and other relevant authorities about the information and had requested for immediate steps for cash release of Tariff Differential Subsidy (TDS) to ease out the working capital, which has not been made to date and consequentially KE had to delay the current payments of SSGC bills for RLNG. SSGC, in response, has claimed markup on the delayed payments of RLNG amounting to Rs. 309 million for May 2022 and June 2022 which has not been accrued by KE on the grounds that the delay in payment is due to delay in receipt from public sector entities, and on the net principal basis KE is in a net receivable position. KE remains in continuous engagement with the Ministry of Energy (Power Division) requesting them to expedite the process of release of pending TDS to ease out working capital position and payment to fuel suppliers.

KE's management believes that overdue amounts have only arisen due to circular debt situation caused by delayed settlement of tariff differential claims by the Ministry of Finance (GOP) as well as delayed settlement of KE's energy dues by certain public sector consumers (e.g. KW&SB). This contention of KE's management is also supported by the legal advices that it has obtained. Hence, mark-up / financial charges on outstanding liabilities

due to government-controlled entities will be payable by KE only when it will receive mark-up on outstanding receivable balances on account of tariff differential claims and energy dues of KE's 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. KE 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 KE and solely on the basis of abundance caution, a provision amounting to Rs. 5,269 million (June 30, 2021: Rs. 5,269 million) is being maintained by KE in these unconsolidated financial statements on account of mark-up on delayed payment.

- 32.1.2 The Multi Year Tariff (MYT) applicable to KE, for the previous tariff control period from 2009 to 2016, outlines a claw-back mechanism whereby KE is required to share a portion of its profits with consumers when such profits exceed the stipulated thresholds. NEPRA vide its determination 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.

KE is not in agreement with the interpretation and calculation of claw-back mechanism by NEPRA, and accordingly has filed suits before 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. The SHC vide multiple orders have suspended the operation of the impugned determinations passed by NEPRA. However, on June 19, 2015, in respect of suit for financial years 2012 and 2013, the High Court of Sindh (Single Bench) passed an order withdrawing the earlier relief granted to KE against implementation of NEPRA's order dated October 17, 2014, which was duly contested by KE through an appeal before the High Court of Sindh (Divisional Bench), whereby, the Divisional Bench of SHC suspended the order dated June 19, 2015 of the Single Bench and October 17, 2014 continuing to provide earlier interim relief granted to KE. The Appeal is still pending adjudication before the SHC. Further, in other suits filed in respect of financial years 2014 to 2016, the interim relief provided to KE against NEPRA's order for each year continues in the field whereby, the operations of NEPRA determinations is still suspended.

Considering the above proceedings and the expert opinion obtained by KE, KE's management believes that KE has reasonable prospects of success in the cases pending before the High Court of Sindh. Without prejudice to KE's aforementioned legal position and on the basis of abundant caution, a provision amounting to Rs. 25,232 million is being maintained by KE in this respect.

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

KE filed a review application with 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 KE to charge meter rent from its consumers. The review application filed by KE with NEPRA was dismissed in April 2015. Thereafter, KE filed a constitutional petition before the High Court of Sindh, which is pending to date. Meanwhile, a stay has been granted to KE against any coercive action by NEPRA. The KE's management in accordance with the advice of its external counsel believes that KE has a reasonable prospects of success in the above-mentioned constitutional petition. KE'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, KE 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 KE and NEPRA on the matter of meter rent with effect from July 1, 2016.

- 32.1.4 NEPRA through its order dated March 13, 2015 directed KE 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 KE to refund the amount collected as bank charges to its consumers. KE refuted NEPRA's aforementioned order and filed a review petition which was rejected by NEPRA through its review decision dated October 27, 2015. Thereafter, KE 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 KE in this regard.

KE 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 external counsel, the management believes that KE has reasonable prospects of success in this case. 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 KE and NEPRA on the matter of bank charges with effect from July 1, 2016.

- 32.1.5 The Government of Pakistan promulgated GIDC Act 2011, GIDC Ordinance 2014 and GIDC Act 2015 for collection of Gas Infrastructure Development Cess (GIDC) 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 are liable to be refunded / adjusted in the future bills, therefore all amounts previously paid by KE 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 the Supreme Court of Pakistan to challenge the decision of the High Court of Peshawar. KE was impleaded as a party in the said appeal on the basis of its Intervenor Application.

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, as per this decision, the companies responsible to collect GIDC under the GIDC Act 2015 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. KE filed a review petition and the SCP dismissed the review petition through its order dated November 2, 2020, however, installments for payment of GIDC arrears have been increased to 48 from 24.

In respect of the above, KE filed a suit before the High Court of Sindh (HCS) which is pending while KE 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 KE 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 January 10, 2022 and was adjourned. The stay granted by HCS is still valid and operational.

KE, based on the views of its legal counsel, is of the opinion that KE in its suit before the HCS has raised substantive grounds has fairly reasonable prospects of success if the courts accepts the abovementioned interpretation / grounds. 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 unconsolidated financial statements. However, if the eventual outcome of the suit filed before the HCS results in any amount payable by KE on account of GIDC, it will be ultimately recovered through the MYT as a pass-through item.

- 32.1.6 As part of MYT decision, NEPRA through its order dated July 5, 2018, directed KE to pay interest on security deposit collected from consumers. However, KE disagreed with the direction of NEPRA, being without any lawful justification and discriminatory as no other power utility company in Pakistan is required to pay interest on security deposit. Accordingly, KE filed a constitutional petition in the High Court of Sindh on May 30, 2019 on the grounds that the Appeal before NEPRA Appellate Tribunal is pending and since, the Tribunal is not functional NEPRA may be restrained to take any action against KE till the Appeal is decided on merits. The High Court of Sindh through its order dated May 30, 2019 has restrained NEPRA from taking any coercive action against KE. The Tribunal has now become functional and the Appeal is likely to be heard soon.

Subsequent to above, NEPRA issued an amendment in the Consumer Service Manual in January 2021 and introduced requirement for keeping security deposit in separate bank account and directed that profits so received from the same shall be mentioned in the tariff petition for passing on the benefit to consumers.

Further to above, during the year, NEPRA through its Mid Term Review (MTR) decision adjusted the profit on consumers' security deposits from Company's working capital requirement, thereby passing the benefit in the tariff. Accordingly, based on this adjustment, management understands that payment of profit on such security deposits is no longer required under MYT Decision and CSM till the end of current MYT.

Accordingly, the provision recognised in this respect, amounting to Rs. 1,963 million as of June 30, 2021 has been reversed in these unconsolidated financial statements.

Additionally, KE has also requested NEPRA to amend the requirement of CSM for maintaining a separate bank account and transferring the profit to consumers, in case if benefit is already being passed to consumers in the form of reduction in working capital requirement, response to which is awaited.

32.1.7 Tax related matters are disclosed in note 42.1.

		2022	2021
		------(Rupees in '000)-----	
<b>32.2</b>	<b>Claims not acknowledged as debts</b>		
	<b>Note</b>		
32.2.1	Right of way claim by Pakistan Steel Mills Corporation	-	73,000
32.2.2	Fatal accident cases	5,715	69,098
32.2.3	Architect's fee in respect of the Head Office project	50,868	50,868
32.2.4	Outstanding dues of property tax, water charges, custom duty, ground rent and occupancy value	8,986,844	9,828,450
32.2.5	KE 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 KE's lawyers, the management is confident that the outcome of the cases will be in favour of KE. Accordingly, no provision has been made in respect of these cases / claims in these unconsolidated financial statements.		

	2022	2021	
		------(Rupees in '000)-----	
<b>32.3</b>	<b>Commitments</b>		
32.3.1	Guarantees from banks	6,134,039	6,028,766
32.3.2	Transmission projects	24,381,273	8,504,858
32.3.3	Transmission Project (TP-1000)	1,747,071	2,473,375
32.3.4	BQPS III 900 MW combined cycle power plant and associated transmission project	21,068,317	12,158,338
32.3.5	Outstanding letters of credit	10,305,045	11,509,351
32.3.6	Dividend on preference shares	1,119,453	1,119,453

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

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

	2022	2021	
		------(Rupees in '000)-----	
-	Not later than one year	425,062	379,574
-	Later than one year but not later than five years	638,515	645,629

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

		2022	2021
		------(Rupees in '000)-----	
<b>33. SALE OF ENERGY - NET</b>	<b>Note</b>		
Gross revenue	33.1	428,705,376	318,426,791
Sales tax		(62,622,870)	(48,270,063)
Other taxes		(19,991,988)	(15,150,520)
Net revenue	33.2	<u>346,090,518</u>	<u>255,006,208</u>

33.1 Gross revenue is net-off an amount of Rs. 1,644 million (2021: Rs. 2,404 million) representing invoices raised during the year for energy consumed, however, these invoices are considered non-recoverable.

		2022	2021
		------(Rupees in '000)-----	
<b>33.2 Net revenue</b>	<b>Note</b>		
Residential	33.2.1	111,193,811	104,526,363
Commercial	33.2.1	51,878,092	42,558,293
Industrial	33.2.1	123,004,828	97,413,596
Karachi Nuclear Power Plant (KANUPP)	33.2.1	-	763,809
Fuel surcharge adjustment	33.2.2	57,865,970	6,665,407
Others	33.2.1 & 33.2.3	2,147,817	3,078,740
		<u>346,090,518</u>	<u>255,006,208</u>

33.2.1 The above includes net cycle day impact amounting to Rs. 168 million (2021: Rs. 4,117 million).

33.2.2 This represents monthly fuel surcharge adjustment as per mechanism provided in the MYT decision. The said amount has been / will be charged to the consumers in accordance with NEPRA's determinations.

33.2.3 This includes Rs. 1,469 million (2021: Rs. 2,119 million) in respect of supply of energy through street lights.

		2022	2021
		------(Rupees in '000)-----	
<b>34. TARIFF ADJUSTMENT</b>	<b>Note</b>		
Tariff adjustment	34.1 & 34.2	<u>172,686,588</u>	<u>70,042,341</u>

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

34.2 Includes Rs. 14,489 million comprising dues of 95,640 customers (2021: Rs 16,040 million comprising dues of 82,600 customers) recognised during the year against actual write-off of bad debts, as allowed by NEPRA under the MYT decision dated July 5, 2018 for the period from July 1, 2016 to June 30, 2023. The write-off amount has been claimed by KE on August 2, 2022 on a provisional basis as part of quarterly tariff adjustment for the fourth quarter ended June 30, 2022 aggregating to Rs. 15,000 million (fourth quarter ended June 30, 2021: Rs. 15,900 million). Further, NEPRA vide its letters dated December 31, 2019, March 10, 2021, March 30, 2022 and June 8, 2022 stated that in connection with the claims submitted by KE on account of trade debts write-offs for the years ended June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020 and June 30, 2021 aggregating to Rs. 37,148 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, KE 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, 2022 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 KE's system i.e. SAP prior to June 30, 2022.
- The aforementioned amount of write-off of bad debts has been approved by KE's Board of Directors certifying that KE 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 KE.

Further, the statutory auditors of KE verified that the write-off of bad debts amount is not recoverable notwithstanding the efforts of KE.

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 KE as tariff adjustment for the year ended June 30, 2022, KE 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, 2022 and the corresponding amount has been claimed in the tariff adjustment after verifying underlying facts.

		2022	2021			
		------(Rupees in '000)-----				
<b>35.</b>	<b>PURCHASE OF ELECTRICITY</b>					
	CPPA / NTDC	144,462,200	66,979,984			
	Independent Power Producers (IPPs)	62,230,042	42,237,412			
	Karachi Nuclear Power Plant (KANUPP)	852,135	3,006,062			
		<u>207,544,377</u>	<u>112,223,458</u>			
<b>36.</b>	<b>CONSUMPTION OF FUEL AND OIL</b>					
	Natural gas / RLNG	119,466,192	79,923,091			
	Furnace and other fuel / oil	84,676,089	47,248,824			
	High speed diesel (HSD)	8,345,273	785,880			
		<u>212,487,554</u>	<u>127,957,795</u>			
<b>37.</b>	<b>EXPENSES INCURRED IN GENERATION, TRANSMISSION AND DISTRIBUTION</b>					
		Generation expenses	Transmission and distribution expenses	2022	2021	
		------(Rupees in '000)-----				
	Note					
	Salaries, wages and other benefits	37.1 & 37.2	1,627,840	2,408,375	4,036,215	4,275,444
	Stores and spares		788,324	411,972	1,200,296	1,340,025
	Office supplies		146,588	59,063	205,651	203,880
	NEPRA license fee		56,263	59,914	116,177	108,408
	Repairs and maintenance		34,323	278,949	313,272	132,316
	Transport expense		170,903	264,806	435,709	285,016
	Rent, rates and taxes		63,072	192,516	255,588	258,533
	Depreciation	4.1.7	11,655,417	4,009,251	15,664,668	15,185,523
	Amortisation	5.2	1,276	-	1,276	2,477
	Interdepartmental consumption		73,387	535,125	608,512	588,769
	Provision against slow moving and obsolete stores, spare parts and loose tools	10.1	156,137	50,539	206,675	180,187
	Third party services		1,210,222	1,368,755	2,578,978	2,402,098
	Others		442,770	263,787	706,557	710,030
			<u>16,426,522</u>	<u>9,903,052</u>	<u>26,329,574</u>	<u>25,672,706</u>

- 37.1 This includes Rs. 311 million (2021: Rs. 289 million) in respect of defined benefit plans, Rs. 166 million (2021: Rs. 160 million) in respect of defined contribution plan and Rs. 2 million (2021: Rs. 4 million) in respect of other long term employee benefits.
- 37.2 Free electricity benefit to employees amounting to Rs. 6 million (2021: Rs. 48 million) has been included in salaries, wages and other benefits.

### 38. CONSUMERS SERVICES AND ADMINISTRATIVE EXPENSES

	Note	Consumer Services and Billing Expenses	Administrative and General Expenses	2022	2021
(Rupees in '000)					
Salaries, wages and other benefits	38.1 & 38.2	8,473,436	3,327,422	11,800,858	11,528,324
Bank collection charges		235,098	88,671	323,769	182,197
Transport cost		783,049	244,848	1,027,897	681,138
Depreciation	4.1.7	4,446,718	375,246	4,821,964	3,965,017
Depreciation - Right-of-use asset	4.5	30,014	6,299	36,313	30,957
Amortisation	5.2	22,958	221,119	244,077	163,024
Depreciation - Investment Property	6.1	-	60,957	60,957	60,957
Repairs and maintenance		244,691	166,834	411,525	401,140
Rent, rates and taxes		28,427	172,169	200,596	202,084
Public relations and publicity		29,618	283,513	313,131	413,706
Legal expenses		32,260	151,644	183,904	168,307
Professional charges		41,652	138,089	179,741	177,173
Auditors' remuneration	38.3	195,000	81,017	276,017	196,407
Directors' fee		-	23,100	23,100	32,050
Office supplies		155,701	253,915	409,616	386,487
Interdepartmental consumption		168,064	100,029	268,093	182,932
Third party services		4,343,525	1,284,611	5,628,136	5,368,856
Provision against slow moving and obsolete stores, spare parts and loose tools	10.1	10,692	1,096	11,788	34,070
Others		499,738	877,159	1,376,897	1,049,751
		<u>19,740,641</u>	<u>7,857,738</u>	<u>27,598,379</u>	<u>25,224,577</u>

- 38.1 This includes Rs. 792 million (2021: Rs.736 million) in respect of defined benefit plans, Rs. 418 million (2021: Rs. 404 million) in respect of defined contribution plan and Rs. 14 million (2021: Rs. 14 million) in respect of other long term employee benefits.
- 38.2 Free electricity benefit to employees amounting to Rs. 239 million (2021: Rs. 205 million) has been included in salaries, wages and other benefits.

	Note	2022	2021
(Rupees in '000)			
<b>38.3 Auditors' remuneration</b>			
Fee for statutory audit, half yearly review and review of compliance with the Code of Corporate Governance		10,000	7,500
Fee for cost incurred in respect of bad debts write-off verification as required under MYT 2017-23 and other assurance services		245,000	180,000
Fee for certifications, taxation and other services	38.3.1	20,101	7,900
		<u>275,101</u>	<u>195,400</u>
Out of pocket expenses		916	1,007
		<u>276,017</u>	<u>196,407</u>

- 38.3.1 This includes Rs. 0.8 million (2021: Rs. 0.8 million) in respect of Shariah audit fee.

		2022	2021
	Note	------(Rupees in '000)-----	
<b>39. OTHER OPERATING EXPENSES</b>			
Exchange loss - net		8,971,122	-
Workers' profits participation fund	27.6	297,369	807,676
Interest on consumer deposits	32.1.6	-	481,423
Donations	39.1	94,798	44,088
Listing fee		5,107	4,969
Others		43,160	221,436
		<u>9,411,556</u>	<u>1,559,592</u>
<b>39.1 Donations to the following parties exceeds 10% of the total amount of donations made by KE:</b>			
Concern For Children Welfare		21,019	8,560
Karachi awards		33,903	-
Pride of Karachi - Consumers		-	5,971
Akhuwat Islamic Microfinance		7,500	5,000
<b>40. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Return on bank deposits	40.1	450,032	231,891
Late payment surcharge	40.2	1,968,158	2,029,991
		<u>2,418,190</u>	<u>2,261,882</u>
<b>Income from non-financial assets</b>			
Liquidated damages recovered from suppliers and contractors		206,454	143,516
Scrap sales		444,166	315,143
Amortisation of deferred revenue	25	2,405,777	2,193,134
Service connection charges		171,331	1,289,385
Collection charges - TV license fee		162,319	152,049
Gain on disposal of property, plant and equipment	4.2	2,194,267	1,887,009
Exchange gain - net		-	1,081,253
Others	40.3	2,207,805	468,337
		<u>7,792,119</u>	<u>7,529,826</u>
		<u>10,210,309</u>	<u>9,791,708</u>

40.1 This includes Rs. 7.947 million (2021: Rs. 6.915 million) being return on Shariah Compliant bank deposits.

40.2 In accordance with KE'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. 492 million for the year ended June 30, 2022 (2021: Rs. 877 million) has not been recognised for the reasons detailed in note 11.2.

40.3 This includes reversal of interest accrued on consumer deposits amounting to Rs. 1,963 million as explained in note 32.1.6.

	Note	2022	2021
		------(Rupees in '000)-----	
<b>41. FINANCE COST</b>			
Mark-up / interest on:			
- Long term financing	41.1	6,499,232	5,835,559
- Short-term borrowings	41.2	4,834,910	3,126,035
		<u>11,334,142</u>	<u>8,961,594</u>
Late payment surcharge on delayed payment to creditors		238,745	14,452
Bank charges, guarantee commission, commitment fee and other service charges		533,300	508,695
Finance cost on lease liabilities		16,181	16,474
Letters of credit discounting charges		2,998,090	1,611,777
		<u>15,120,458</u>	<u>11,112,992</u>

41.1 This includes Rs. 3,606 million (2021: Rs. 3,343 million) being mark-up on Shariah compliant long-term financing.

41.2 These include Rs. 3,320 million (2021: Rs. 1,884 million) being mark-up on Shariah compliant short-term borrowings.

41.3 The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's general borrowings during the year ended June 30, 2022, which was 10.56% (June 30, 2021: 8.82%).

	Note	2022	2021
		------(Rupees in '000)-----	
<b>42. TAXATION</b>			
Current tax expense		(4,352,875)	(3,876,593)
Deferred tax income	26.1	7,228,199	528,929
		<u>2,875,324</u>	<u>(3,347,664)</u>

42.1 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 KE 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 KE against the aforementioned assessment orders, were rejected by the Commissioner Inland Revenue (Appeals) – CIR(A). Subsequently, KE filed appeals against these decisions before the Appellate Tribunal Inland Revenue (ATIR) which have been decided in favour of KE vide ITA 877/KB/2011 dated May 7, 2012, ITA 950/KB/2011 dated October 19, 2012 for Tax Year 2010 and vide ITA 274/KB/2012 dated July 31, 2012 for Tax Year 2011. The tax department had filed references before the High Court of Sindh against the decision of ATIR vide ITRA No. 12 of 2013 dated January 31, 2013 and ITRA No. 27 of 2013 dated September 28, 2013 for Tax Year 2010 and ITRA 210 of 2012 dated November 2, 2012 for Tax Year 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 KE. During the year, KE's appeal for tax year 2007 has also been decided by CIR(A) vide Order No. 91/2021 dated December 9, 2021 in which the demand of Rs. 59.4 million has been remanded back by CIR(A). KE has filed an appeal before ATIR against the order of CIR(A). The appeal for tax year 2006 is still pending before CIR(A). The tax department has however filed references before the High Court of Sindh against ATIR decisions for tax years 2004, 2005 and 2008 on February 13, 2019. KE'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.

## 42.2 Relationship between tax income / (expense) and accounting profit

The tax on KE's profit before tax differs from the theoretical amount that would arise using KE's applicable tax rate as follows:

	2022	2021
	------(Rupees in '000)-----	
Profit before taxation	5,648,254	15,345,846
Tax at the applicable tax rate of 29%	(1,637,994)	(4,450,295)
Tax effect of exempt income	50,079,111	20,312,279
Effects of:		
- Deferred tax not recognised on minimum turnover tax	(4,352,875)	(3,876,593)
- Deferred tax not recognised on tax credits, un-utilised tax losses and others	(41,212,918)	(15,333,055)
	<u>2,875,324</u>	<u>(3,347,664)</u>
<b>43. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)</b>		
Profit before finance cost	20,768,712	26,458,838
Depreciation and amortisation	20,829,255	19,407,955
	<u>41,597,967</u>	<u>45,866,793</u>
<b>44. EARNING PER SHARE - BASIC AND DILUTED</b>		
There is no dilutive effect on the basic earnings per share of KE, which is based on:		
Profit attributable to ordinary share holders	8,523,578	11,998,182
	------(Number of shares)-----	
Weighted average number of ordinary shares outstanding during the year	27,615,194,246	27,615,194,246
	------(Rupees)-----	
Earnings per share - basic and diluted	<u>0.31</u>	<u>0.43</u>

## 45. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2022			2021		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	------(Rupees in '000)-----					
Directors' fees (note 45.3)	-	23,100	-	-	32,050	-
Managerial remuneration	51,664	-	5,893,400	51,893	-	5,463,861
Commission or Bonus	13,909	-	621,278	2,791	-	196,276
Reimbursable expenses	895	-	99,504	1,474	-	98,261
Contribution to fund	3,107	-	320,795	2,837	-	297,212
	<u>69,575</u>	<u>23,100</u>	<u>6,934,977</u>	<u>58,995</u>	<u>32,050</u>	<u>6,055,610</u>
Number of persons includes those who worked part of the year	<u>1</u>	<u>13</u>	<u>1,893</u>	<u>1</u>	<u>13</u>	<u>1,774</u>

- 45.1 The Executives and Chief Executive Officer of KE are provided medical facility. Chief Executive Officer is also provided with car facility.
- 45.2 KE also makes contributions for Executives and CEO to gratuity funds, based on actuarial calculations.
- 45.3 Non-executive directors are paid fees for attending the meetings of the Board of Directors and its committees, with no other remuneration.
- 45.4 Gratuity amounting to Rs. 232.2 million (2021: Rs. 155.7 million) was paid to outgoing executives.

		2022	2021
		------(Rupees in '000)-----	
<b>46. CASH AND CASH EQUIVALENTS</b>	<b>Note</b>		
Cash and bank balances	16	2,846,132	2,370,891
Short-term running finances	29	(44,721,569)	(38,350,438)
		<u>(41,875,437)</u>	<u>(35,979,547)</u>
<b>47. FINANCIAL INSTRUMENTS BY CATEGORY</b>			
<b>47.1 Financial assets measured at amortised cost</b>			
Long-term loans and advances		12,441	15,448
Long-term deposits		11,744	11,744
Trade debts		136,843,034	104,714,380
Deposits		6,214,025	3,827,283
Other receivables		356,173,600	267,621,847
Cash and bank balances		2,846,132	2,370,891
Other financial assets - at amortised cost		17,411,300	-
		<u>519,512,276</u>	<u>378,561,593</u>
<b>47.2 Financial assets measured at fair value through profit or loss</b>			
Derivative financial assets	47.2.1	8,033,631	3,276,351
47.2.1 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.			
<b>47.3 Financial liabilities measured at amortised cost</b>			
Long-term diminishing musharaka		24,827,900	29,163,655
Long-term financing		150,548,630	47,980,964
Lease liabilities		175,659	132,065
Long-term deposits		13,976,931	12,866,349
Trade and other payables		412,318,683	331,456,003
Unclaimed dividend		645	645
Accrued mark-up		10,629,604	8,858,167
Short-term borrowings		107,535,452	107,023,197
Short-term deposits		6,578,500	5,790,947
		<u>726,592,004</u>	<u>543,271,992</u>

#### 48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

##### Financial risk factors

KE's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

Following information presents KE's exposure to each of the aforementioned risks, KE's objectives, policies and processes for measuring and managing risks and KE's management of capital.

### Risk management framework

The Board of Directors (BoD) has the overall responsibility for the establishment and oversight of KE's risk management framework. The BoD has empowered Board Audit Committee (BAC), which oversees compliance with KE's risk management framework & policies in relation to risks faced by KE. The BAC regularly reports to the BoD on its activities.

KE's risk management policies aimed at identification and analysis of risks faced by KE, 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 KE's activities. KE, 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.

KE's BAC oversees how management monitors compliance with KE's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by KE. 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.

KE's principal financial liabilities 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 KE's operations. KE 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.

KE also enters into derivative transactions, cross currency swap contracts. The purpose is to manage currency risk from KE's operations and its sources of finance. It is KE's policy that no trading in derivatives for speculative purposes shall be undertaken.

The BoD reviews and agrees policies for managing each of these risks which are summarised below:

#### 48.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices or market interest rates. KE manages the market risk by monitoring exposure on financial instruments and by following internal risk management policies.

Market risk comprise of three components - currency risk, interest rate risk and other price risk.

##### 48.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises where transactions are conducted in foreign currency. KE primarily has foreign currency exposures in US Dollar, Euro and UK Pound in the form of trade and other payables, bank balances and long-term financing. As at June 30, 2022, had KE'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. 4,007 million (2021: Rs. 1,865 million) mainly as a result of foreign exchange gains / losses.

KE has hedged significant portion of its long-term financing denominated in its foreign currency. KE 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.

##### 48.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

KE'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. KE 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 KE's interest-bearing financial instruments was as follows:

	2022	2021
	------(Rupees in '000)-----	
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Long term loans	83	180
<b>Financial liabilities</b>		
Lease liabilities	175,659	132,065
<b>Variable rate instruments</b>		
<b>Financial assets</b>		
<b>Deposit accounts</b>		
Deposits under lien against LC	368,946	166,354
Other financial assets - at amortised cost	83,244	78,978
	17,411,300	-
	17,863,490	245,332
<b>Financial liabilities</b>		
Long term diminishing musharaka	24,827,900	29,163,655
Long term financing	150,522,020	47,954,354
Short-term borrowings	107,535,452	107,023,197
	282,885,372	184,141,206

#### Fair value sensitivity analysis

KE 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. 2,650 million (2021: Rs. 1,839 million).

#### 48.1.3 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. KE is not exposed to price risk as it does not have any price sensitive instruments.

#### 48.2 Credit risk

Credit risk is the risk of financial loss to KE if a customer or a counter party to a financial instrument fails to meet its contractual obligation, and arises principally from KE's receivables from customers, balances held with banks and investments in term deposits. Out of the total financial assets as set out in note 47, those that are subject to credit risk aggregated Rs. 119,046 million as at June 30, 2022 (2021: Rs. 63,577 million). The analysis below summarises the credit quality of KE's financial assets as at June 30, 2022.

- KE'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, KE manages its credit risk by obtaining security deposits from the consumers. Further, KE 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 KE held balances as at June 30, 2022 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 KE's total credit exposure. KE's financial assets are broadly diversified and transactions are entered into with diverse credit worthy parties thereby mitigating any significant concentration risk. Therefore, KE believes that it is not exposed to major concentration of credit risk.

### 48.3 Liquidity risk

Liquidity risk is the risk that KE 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 KE 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. KE'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 KE's reputation. The following are the contractual maturities of financial liabilities, including interest payments:

	2022					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	(Rupees in '000)					
<b>Non-derivative</b>						
<b>Financial liabilities</b>						
Long term diminishing musharaka	24,827,900	36,602,221	2,728,137	4,455,645	29,418,439	-
Long term financing	150,548,630	237,275,349	14,898,966	19,413,978	125,801,573	77,160,832
Lease liabilities	175,659	262,930	24,102	22,518	141,136	75,174
Long-term deposits	13,976,931	13,976,931	-	-	-	13,976,931
Trade and other payables	412,318,683	412,318,683	387,086,932	25,231,751	-	-
Unclaimed dividend	645	645	645	-	-	-
Accrued mark-up	10,629,604	10,629,604	10,629,604	-	-	-
Short-term borrowings	107,535,452	111,379,272	111,379,272	-	-	-
Short-term deposits	6,578,500	6,578,500	6,578,500	-	-	-
	<b>726,592,004</b>	<b>829,024,135</b>	<b>533,326,158</b>	<b>49,123,892</b>	<b>155,361,148</b>	<b>91,212,937</b>
	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)					
<b>Non-derivative</b>						
<b>Financial liabilities</b>						
Long term diminishing musharaka	29,163,655	38,496,439	3,506,413	3,413,463	30,297,969	1,278,594
Long term financing	47,980,964	55,495,633	7,406,362	7,232,352	40,856,919	-
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	331,456,003	331,456,003	306,224,252	25,231,751	-	-
Unclaimed dividend	645	645	645	-	-	-
Accrued mark-up	8,858,167	8,858,167	8,858,167	-	-	-
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	-	-	-
	<b>543,271,992</b>	<b>562,845,660</b>	<b>436,699,816</b>	<b>40,710,988</b>	<b>71,254,261</b>	<b>14,180,595</b>

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, 2022 and include both principal and interest payable thereon. The rates of mark-up have been disclosed in notes 20, 21 and 29 to these unconsolidated financial statements.

#### 48.4 Reconciliation of movement of liabilities to cashflows arising from financing activities is as follows:

	Short-term borrowings used for cash management purpose	Other-short term borrowings including related accrued markup	Long-term borrowings including related accrued markup	Long-term diminishing musharaka including related accrued markup	Long-term deposits including related accrued markup	Lease liabilities	Total
----- (Rupees in '000) -----							
Balance as at July 1, 2021	38,691,198	69,384,154	48,156,943	29,546,935	14,828,922	132,065	200,740,217
Changes from financing cash flows							
Proceeds from / (Repayment of) loan - net of transaction cost	-	(5,858,876)	94,002,181	(4,400,000)	-	-	83,743,305
Receipts of security deposit	-	-	-	-	1,110,582	-	1,110,582
Changes in running finance	6,371,131	-	-	-	-	-	6,371,131
Addition to lease liability	-	-	-	-	-	77,580	77,580
Lease payments	-	-	-	-	-	(50,167)	(50,167)
Total changes from financing activities	6,371,131	(5,858,876)	94,002,181	(4,400,000)	1,110,582	27,413	91,252,431
Other changes							
Finance cost	3,814,110	4,018,890	3,443,785	3,055,447	-	16,181	14,348,413
Finance cost paid	(5,044,931)	(4,568,256)	(7,285,939)	(2,778,008)	-	-	(19,677,134)
Reversal of interest accrued	-	-	-	-	(1,962,573)	-	(1,962,573)
Derivate financial asset realised	-	-	(1,240,243)	-	-	-	(1,240,243)
Exchange loss	-	-	9,539,840	-	-	-	9,539,840
Amortisation of transaction cost	-	-	265,888	64,245	-	-	330,133
Finance cost capitalised	1,577,291	1,429,324	6,072,297	-	-	-	9,078,912
Total loan related other changes	346,470	879,958	10,795,628	341,684	(1,962,573)	16,181	10,417,348
Balance as at June 30, 2022	45,408,799	64,405,236	152,954,752	25,488,619	13,976,931	175,659	302,409,996

#### 48.5 Hedging activities and derivatives

KE has executed cross currency swaps on its long term foreign currency financing to hedge its currency risk (note 3.9).

##### Cash flow hedges

During the year, KE had held cross currency swaps with commercial banks, designated as cash flow hedges of expected future principal repayments of loan from foreign lenders. The cross currency swaps were being used to hedge the currency risk in respect of long-term financing as stated in notes 21.1, 21.2, 21.4, 21.5 and 21.6 to these unconsolidated financial statements.

The critical terms of the cross currency swap contracts have been negotiated to match the terms of the aforementioned financial liability (note 15).

#### 49. CAPITAL RISK MANAGEMENT

The primary objective of KE'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, 2022.

KE 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, KE's financial position and requirements of lenders. This necessitated re-investment of profits to strengthen KE's financial position to comply with requirements of lenders as well as to fund new projects. Details of adjusted invested equity as at the reporting date are given in note 17.9.

KE monitors capital using debt to equity ratios. The long-term debt to equity ratio as at June 30, 2022 is as follows:

	Note	2022 ------(Rupees in '000)-----	2021
Long-term diminishing musharaka	20	21,077,900	24,763,655
Long-term financing	21	130,660,289	35,650,703
Long-term debt		151,738,189	60,414,358
Total equity		250,171,718	223,951,516
		401,909,907	284,365,874
Long-term debt to equity		0.38:1	0.21:1

## 50 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

50.1 Related parties of KE comprise of associated companies, state-controlled entities, staff retirement benefit plans and KE's directors and key management personnel. Following are the particulars of subsidiary companies, related parties and associated undertakings of KE with whom KE had entered into transactions or had agreements and / or arrangements in place during the year:

Name of related parties	Direct shareholding in KE	Relationship
KES Power Limited	66.4%	Holding Company
GoP represented by the President of Pakistan	24.4%	Major shareholder
Central Power Purchasing Agency / National Transmission and Dispatch Company	-	State controlled entity
Pakistan State Oil Limited	-	State controlled entity
Hascol Petroleum Limited	-	Common directorship
Sui Southern Gas Company Limited	-	State controlled entity
Pakistan LNG Limited	-	State controlled entity
Securities and Exchange Commission of Pakistan	-	Common directorship
EFU Life Assurance Limited	-	Common directorship
KE Venture Company (Private) Limited	-	Subsidiary company
K-Solar (Private) Limited	-	Subsidiary of Subsidiary company
Shan A. Ashary**	-	Chairman / Non-Executive director
Mark Gerard Skelton***	-	Chairman / Non-Executive director
Syed Moonis Abdullah Alvi	-	Chief Executive Officer
Adeeb Ahmad	-	Non-Executive director
Syed Asad Ali Shah Jilani****	<0.01%	Non-Executive director
Ch. Khaqan Saadullah Khan	-	Non-Executive director
Khalid Rafi****	<0.01%	Independent director
Mubasher H. Sheikh	-	Non-Executive director
Naveed Ismail****	-	Non-Executive director
Ruhail Muhammad****	-	Non-Executive director
Sadia Khuram	-	Non-Executive director
Dr Imranullah Khan	-	Non-Executive director
Waseem Mukhtar****	-	Non-Executive director
Aadil Riaz*	-	Key Management Personnel
Aamir Rizwan Qureshi	-	Key Management Personnel
Abbas Husain Siahwala	-	Key Management Personnel
Abdul Khaliq	-	Key Management Personnel
Abdul Latif	-	Key Management Personnel
Abdul Saleem	-	Key Management Personnel

Name of related parties	Direct shareholding in KE	Relationship
Ali Imran Hussain Arain	-	Key Management Personnel
Aqib Salam	-	Key Management Personnel
Arshad Ali Shahab	-	Key Management Personnel
Arshad Iftikhar	-	Key Management Personnel
Arshad Sabri	-	Key Management Personnel
Asif Raza	-	Key Management Personnel
Atif Aslam	-	Key Management Personnel
Ayaz Jaffar Ahmed	-	Key Management Personnel
Babar Jamal Zubairi	-	Key Management Personnel
Bashir Ahmad	-	Key Management Personnel
Dale Roger Sinkler*	-	Key Management Personnel
Darrel Jacob	-	Key Management Personnel
Faisal	-	Key Management Personnel
Faisal Bashir Gill	-	Key Management Personnel
Faisal Jehangir Malik*	-	Key Management Personnel
Faisal Karamat	-	Key Management Personnel
Faiza Savul	-	Key Management Personnel
Farah Naz Shah	-	Key Management Personnel
Farooq Niaz	-	Key Management Personnel
Haider Ali	-	Key Management Personnel
Haris Jamil Siddiqui	-	Key Management Personnel
Haseeb Uddin Sheikh	-	Key Management Personnel
Humza Khan	-	Key Management Personnel
Husnain Haider	-	Key Management Personnel
Imdad Afzal	-	Key Management Personnel
Imran Shafi Rana*	-	Key Management Personnel
Imran Syed Ali	-	Key Management Personnel
Inamullah Siddiqui*	-	Key Management Personnel
Irtaza Waseem Khan	-	Key Management Personnel
Jamil A Bajwa*	<0.01%	Key Management Personnel
Kamran Akhtar Hashmi	-	Key Management Personnel
Kashif Iqbal Ghazi	-	Key Management Personnel
Khurram Mukhtar	-	Key Management Personnel
Kunwar Zeeshan Shahid	-	Key Management Personnel
Manzoor Ahmed Lodhi	-	Key Management Personnel
Masood Ullah Koreshi*	-	Key Management Personnel
Moeed Masood*	-	Key Management Personnel
Mohammad Ilyas Mansoor*	-	Key Management Personnel
Mohammed Jawwad Amin	-	Key Management Personnel
Moula Bux Shaikh	-	Key Management Personnel
Mudassir Zuberi	-	Key Management Personnel
Muhammad Aamir	-	Key Management Personnel
Muhammad Abdullah Khan	-	Key Management Personnel
Muhammad Adnan Fazal	-	Key Management Personnel
Muhammad Ali	-	Key Management Personnel
Muhammad Bilal Ahmed Mirza	-	Key Management Personnel
Muhammad Faizan Mahmood Khan*	-	Key Management Personnel
Muhammad Faizan Pasha	-	Key Management Personnel
Muhammad Farrukh	-	Key Management Personnel
Muhammad Imran Hussain Qureshi	-	Key Management Personnel
Muhammad Mohtashim Jangda*	-	Key Management Personnel

Name of related parties	Direct shareholding in KE	Relationship
Muhammad Owais	-	Key Management Personnel
Muhammad Rizwan Dalia	-	Key Management Personnel
Muhammad Shariq Karim Siddiqui	-	Key Management Personnel
Muhammad Taimoor Khan	-	Key Management Personnel
Muhammad Talha Qureshi	-	Key Management Personnel
Munir Ahmed Sheikh	-	Key Management Personnel
Mustafa Husain*	-	Key Management Personnel
Mustafa Kamal*	-	Key Management Personnel
Muzammil	-	Key Management Personnel
Nabeel Qayoom Arain	-	Key Management Personnel
Naseem Jani Shaikh	-	Key Management Personnel
Naveed Abdul Hameed	-	Key Management Personnel
Naveed Afzal	-	Key Management Personnel
Naz Khan	-	Key Management Personnel
Noor Afshan	-	Key Management Personnel
Nowshad Alam	-	Key Management Personnel
Omeal Ahmed	-	Key Management Personnel
Pervez Musani	-	Key Management Personnel
Qazi Nisar Ahmed*	-	Key Management Personnel
Rana Muhammad Imran	-	Key Management Personnel
Rasheed Ahmed Bhutto	-	Key Management Personnel
Raza Abbas Naqvi	-	Key Management Personnel
Razi Ahmed Farooqui	-	Key Management Personnel
Razzaq Ahmad Anjum*	-	Key Management Personnel
Rehan Sajjad	-	Key Management Personnel
Rizwan Ahmed Ansari	-	Key Management Personnel
Rizwan Pesnani	-	Key Management Personnel
Sadia Dada	<0.01%	Key Management Personnel
Sajjad Asghar Khan Shahani	-	Key Management Personnel
Salman Ahmad	-	Key Management Personnel
Sayyed Zakir Ali Rizwe	-	Key Management Personnel
Sheikh Amer Zia	-	Key Management Personnel
Sheikh Humayun Saghir	-	Key Management Personnel
Sheraz Kashif	-	Key Management Personnel
Shiraz Ahmed	-	Key Management Personnel
Syed Adnan Sami	-	Key Management Personnel
Syed Irfan Ali Shah	-	Key Management Personnel
Syed Mehdi Ali	-	Key Management Personnel
Syed Moiz Ishaq	-	Key Management Personnel
Tabassum Kanwal	-	Key Management Personnel
Tahir Ali Khan	-	Key Management Personnel
Ubaid Ur Rehman Sheikh	-	Key Management Personnel
Usman Ahmed Khan	-	Key Management Personnel
Zehra Aneek	-	Key Management Personnel
Employee retirement benefit funds:		
- Gratuity fund	-	Post employment benefits / plans
- Provident fund	-	Post employment benefits / plans

\* These key management personnel resigned / retired from KE during the year ended June 30, 2022.

\*\* He ceased to be the Chairman of the Company with effective from August 11, 2022.

\*\*\* He was appointed as Chairman of the Company with effective from August 11, 2022.

\*\*\*\* These directors retired as director effective from July 29, 2022.

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

#### 50.2.1 Government related entities

KE has availed the exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with all government related / state-owned entities except for transactions included below, which KE considers to be significant:

		2022	2021
		------(Rupees in '000)-----	
CPPA / NTDC	Power purchases	144,462,200	66,979,984
Pakistan State Oil Company Limited	Purchase of furnace oil / HSD & other lubricants	91,802,344	49,513,654
Sui Southern Gas Company Limited	Purchase of gas	111,349,481	79,923,091
Pakistan LNG Limited	Purchase of gas	8,116,711	-
50.2.2 Hascol Petroleum Limited (note 50.2.9)	Purchase of furnace oil	1,942,418	-
50.2.3 BYCO Petroleum Pakistan Limited (note 50.2.10)	Purchase of furnace oil and other lubricants	-	1,181,068
50.2.4 Subsidiary - KEVCL	Subscription of share capital	92,900	182,100
	Payment of statutory filing fee & stamp duty on behalf of KEVCL	1,551	4,112
50.2.5 Subsidiary - K-Solar	Management fee income	7,362	623
	Salary of deputed staff	16,004	1,073
	Purchase of goods	4,000	-
	Payment of statutory filing fee on behalf of K-Solar	2	7,300
50.2.6 Key management personnel	Managerial remuneration	654,073	509,447
	Other allowances and benefits	237,852	156,426
	Retirement benefits	55,767	11,421
	Leave encashment	2,625	1,836
50.2.7 Provident fund	Contribution to provident fund	1,168,162	1,128,434
50.2.8 Gratuity fund	Contribution to gratuity fund	206,529	1,533,444

50.2.9 During the year, Hascol Petroleum Limited ceased to be the related party of KE.

50.2.10 During the year, BYCO was not the related party of KE.

#### 51. PROVIDENT FUND

KE operates approved funded contributory provident fund for both its management and non-management employees. The investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

## 52. PLANT CAPACITY AND ANNUAL PRODUCTION

The details of actual generation against average annual Gross Dependable Capacity of each plant of KE is as follows:

Plant Particulars	Average Gross Dependable Capacity		Actual Generation	
	2022	2021	2022	2021
	----- MW -----		----- Gwh -----	
Bin Qasim Power Station - I	750	829	3,591	5,130
Bin Qasim Power Station - II	526	526	3,821	4,173
CCPP Korangi	227	227	596	1,027
Site Gas Turbine Power Station	96	96	110	227
Korangi Town Gas Turbine	96	96	122	381
	<u>1,695</u>	<u>1,774</u>	<u>8,240</u>	<u>10,938</u>

The above table excludes 256 GWh generated by BQPS-III during the year as pre-COD test energy.

52.1 The actual generation of electricity during the year was as per the demand and planned load shed.

## 53. OPERATING SEGMENT

KE operates as a vertically integrated power utility under a single integrated tariff structure, as determined by NEPRA; with no separate revenue streams as KE 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 KE for allocation of resources and assessment of performance. These operating segments carry risks and rewards which differ from other segment and also reflects the management structure of KE.

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.

	2022					Total
	Generation	Transmission	Distribution	Un-allocated	Eliminations	
	----- (Rupees in million) -----					
Segment revenue	-	-	518,777	-	-	518,777
Inter-segment revenue	248,039	9,562	-	-	(257,601)	-
Total revenue	<u>248,039</u>	<u>9,562</u>	<u>518,777</u>	<u>-</u>	<u>(257,601)</u>	<u>518,777</u>
Purchase of electricity / Consumption of fuel and oil	(212,488)	-	(465,145)	-	257,601	(420,032)
Contribution Margin	35,551	9,562	53,632	-	-	98,745
O&M expenses	(6,043)	(5,446)	(21,609)	-	-	(33,098)
Other operating expenses	(6,556)	(2,469)	(387)	-	-	(9,412)
Other income	(545)	506	10,249	-	-	10,210
Impairment loss against trade debts and other receivables	-	-	(24,847)	-	-	(24,847)
EBITDA	<u>22,407</u>	<u>2,153</u>	<u>17,038</u>	<u>-</u>	<u>-</u>	<u>41,598</u>
Depreciation and amortisation	(11,869)	(3,837)	(5,123)	-	-	(20,829)
EBIT	<u>10,538</u>	<u>(1,684)</u>	<u>11,915</u>	<u>-</u>	<u>-</u>	<u>20,769</u>
Finance cost	(3,935)	(4,346)	(6,839)	-	-	(15,120)
Profit / (loss) before taxation	6,603	(6,030)	5,076	-	-	5,649
Taxation - Current	(2,081)	(80)	(2,192)	-	-	(4,353)
Taxation - Deferred	-	-	-	7,228	-	7,228
Profit / (loss) for the year	<u>4,522</u>	<u>(6,110)</u>	<u>2,884</u>	<u>7,228</u>	<u>-</u>	<u>8,524</u>
Assets	257,243	142,794	618,783	41,308	-	1,060,128
Liabilities	<u>201,613</u>	<u>66,930</u>	<u>491,913</u>	<u>49,500</u>	<u>-</u>	<u>809,956</u>

	2021					Total
	Generation	Transmission	Distribution	Un-allocated	Eliminations	
	(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 and other receivables	-	-	(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

#### 54. BENAZIR EMPLOYEES' STOCK OPTION SCHEME (BESOS)

On August 14, 2009, GoP launched Benazir Employees' Stock Option Scheme ("the Scheme") for employees of certain State Owned Enterprises (SOEs) and non-state Owned Enterprise where GoP holds significant investments (non-SOEs). The Scheme was applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer the Scheme, GoP was to transfer 12% of its investment in such SOEs and non-SOEs to a trust fund to be created for the purpose by each of such entities.

The liability of BESOS for KE's employees is a liability of the fund and KE 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 KE, 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.

	2022	2021
	------(Rupees in '000)-----	
<b>55. NUMBER OF EMPLOYEES</b>		
Total number of employees as at the reporting date	9,959	10,274
Average number of employees during the year	10,098	10,432

**56. CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison.

**57. DATE OF AUTHORISATION FOR ISSUE**

These unconsolidated financial statements were authorised for issue on September 20, 2022, by the Board of Directors of KE.

**58. GENERAL**

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



**Syed Moonis Abdullah Alvi**  
Chief Executive Officer

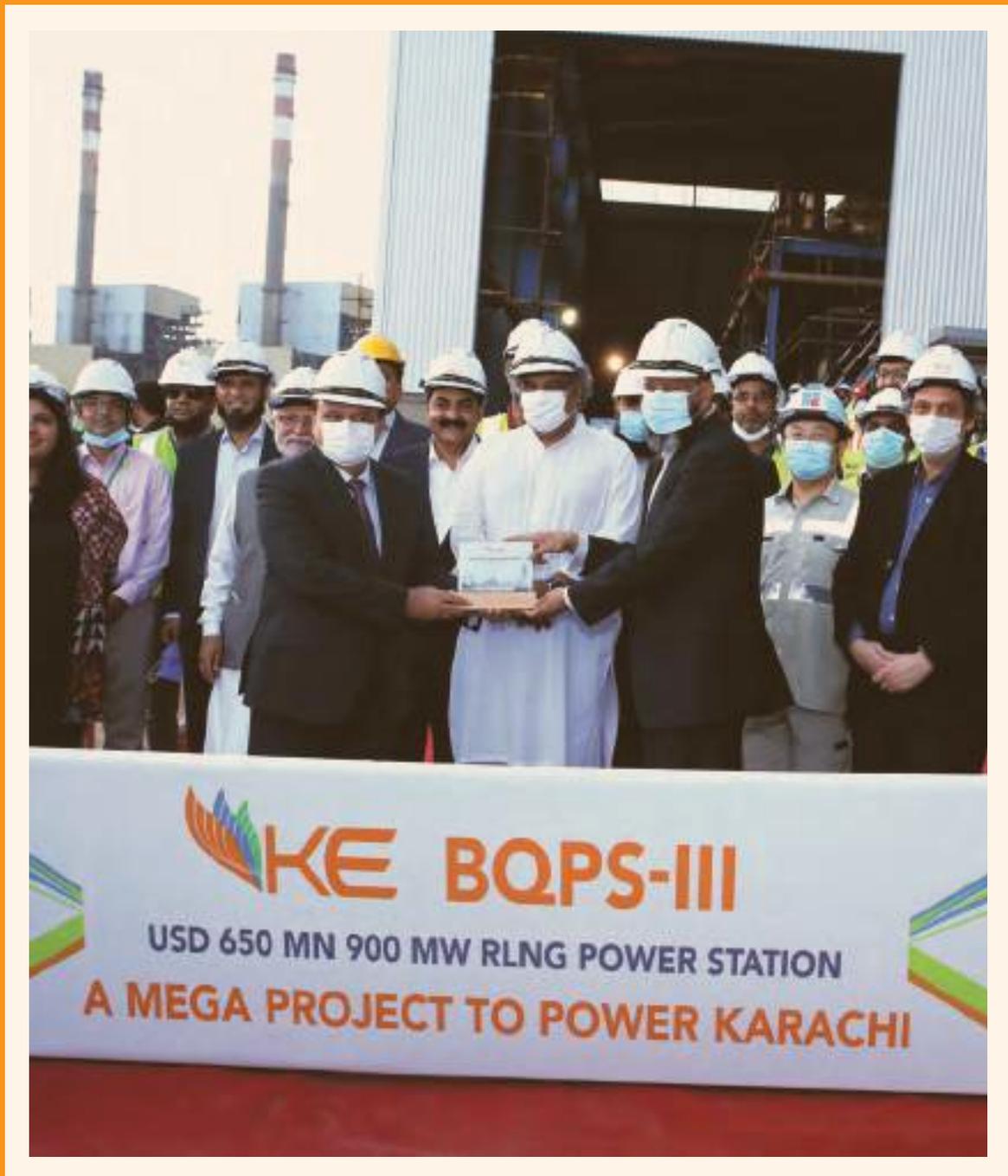


**Saad Amanullah Khan**  
Director



**Muhammad Aamir Ghaziani**  
Chief Financial Officer

# CONSOLIDATED FINANCIAL STATEMENT





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## INDEPENDENT AUDITOR'S REPORT

### To the members of K-Electric Limited

#### Opinion

We have audited the annexed consolidated financial statements of K-Electric Limited (the Holding Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 Matters

We draw attention to:

- note 15.1 to the annexed consolidated 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 33.1.1 to the annexed consolidated financial statements, which describes that the mark-up / financial charges on outstanding liabilities due to government-controlled entities will be payable by the Holding Company only when it will receive mark-up on outstanding receivable balances on account of tariff differential claims and energy dues of the Holding Company's public sector consumers; and
- note 33.1.5 to the annexed consolidated 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 Holding Company's suit is pending before the High Court of Sindh on the grounds, amongst others, that the Holding 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.

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>



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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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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)	<p><b>Tariff adjustment on account of write-off of bad debts</b></p> <p>(Refer notes 2.5.1 and 35.2 to the annexed consolidated financial statements)</p> <p>Revenue recognised during the year in respect of tariff adjustment on account of write-off of bad debts amounted to Rs. 14,489 million, comprising receivables from 95,640 consumers.</p> <p>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 claiming tariff adjustment in respect of write-off of bad debts, the Group is required to ensure that certain specific minimum procedures are completed.</p> <p>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 significant judgement and interpretation of MYT 2017-23 by the Group's management.</p> <p>Accordingly, we considered tariff adjustment on account of write-off of bad debts a key audit matter.</p>	<p>Our audit procedures amongst other included the following:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Evaluated key basis / assumptions that have been used and procedures that have been performed by the Group's management for determining the eligibility of the claim for write-off;</li> <li>• Evaluated whether compliance was made by the Group with the specific requirements stipulated in MYT 2017-23 relating to claim of write-off of bad debts;</li> <li>• Verified as part of the requirement of MYT 2017-23 that the amounts are not recoverable notwithstanding the efforts of the Group; and</li> <li>• Assessed the financial impacts and appropriateness of disclosures made in the consolidated financial statements in this respect.</li> </ul>

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S. No.	Key audit matters	How the matter was addressed in our audit
(ii)	<p><b>Impairment loss against trade debts</b></p> <p>(Refer notes 2.5.4 and 12 to the annexed consolidated financial statements)</p> <p>The loss allowance for expected credit losses (ECL model) on trade debts (other than dues from public sector consumers i.e., government-controlled entities) has been recognised in the annexed consolidated financial statements, using the guidance included in IFRS 9 'Financial Instruments'. The ECL model involves significant estimates and judgements which are reviewed on an ongoing basis for historical experience and various other factors.</p> <p>As a result of application of the ECL model an amount of Rs. 19,330 million has been recognised during the year as impairment loss against trade debts.</p> <p>Due to application of significant management judgment and use of estimates, we have considered application of the ECL model to determine the impairment loss against trade debts a key audit matter.</p>	<p>Our audit procedures amongst other included the following:</p> <ul style="list-style-type: none"> <li>• Considered management's process of application of ECL model to calculate impairment loss against trade debts;</li> <li>• Evaluated key decisions made by the Group's management with respect to estimates and judgements in relation to application of the ECL model;</li> <li>• Evaluated the ECL model for appropriateness of the methodology applied and checked arithmetical accuracy of the model; and</li> <li>• Assessed financial impacts and appropriateness of disclosures made in the consolidated financial statements in relation to impairment loss against trade debts.</li> </ul>
(iii)	<p><b>Revaluation of property, plant and equipment (PP&amp;E)</b></p> <p>(Refer notes 4.1, 5 and 20 to the annexed consolidated financial statements)</p> <p>The Group as at reporting date carried out a revaluation exercise for specific classes of PP&amp;E being leasehold land, transmission grid equipment and plant and machinery, which resulted in a revaluation surplus of Rs. 25,037 million for the year.</p> <p>Determination of fair values of aforementioned classes of PP&amp;E by the management for this purpose, is an extensive exercise requiring use of experts and application of significant management judgement and use of estimates.</p>	<p>Our audit procedures amongst other included the following:</p> <ul style="list-style-type: none"> <li>• Obtained valuation reports of management's expert and considered qualification and experience of the expert, the scope of work and the assumptions used;</li> <li>• Checked revaluation adjustments made by management;</li> <li>• For selected sites, engaged expert to perform an independent assessment of the work performed and conclusions reached by the management's expert; and</li> </ul>



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S. No.	Key audit matters	How the matter was addressed in our audit
	Accordingly, we considered this an area of higher assessed risk and a key audit matter.	<ul style="list-style-type: none"> <li>Assessed the appropriateness of the disclosures in the consolidated financial statements in this respect.</li> </ul>

### Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's Reports Thereon

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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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 consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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.

*AS*



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**Other Matter**

The corresponding figures in the annexed consolidated financial statements as at, and for the year ended June 30, 2021 have not been audited.

The engagement partner on the audit resulting in this independent auditor's report is Osama Kapadia.

A handwritten signature in blue ink, appearing to be 'Osama Kapadia', written over a horizontal line.

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

**Date: September 30, 2022**

**UDIN: AR2022100807hQfkarWx**

# Consolidated Statement of Financial Position

AS AT JUNE 30, 2022

	Note	June 30, 2022	June 30, 2021
------(Rupees in '000)-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	489,283,684	424,070,268
Intangible assets	6	518,889	389,270
Investment property	7	2,925,942	2,986,899
Other financial assets - at amortised cost	8	16,323,268	-
Long-term loans	9	11,899	13,865
Long-term deposits	10	14,600	11,744
Deferred tax asset	27	27,868	-
		<b>509,106,150</b>	<b>427,472,046</b>
<b>Current assets</b>			
Inventories	11	17,105,276	16,082,872
Trade debts	12	136,963,108	104,714,380
Loans and advances	13	1,689,165	2,587,658
Deposits and short-term prepayments	14	8,057,751	4,006,201
Other receivables	15	375,198,048	274,973,980
Current maturity of other financial assets - at amortised cost	8	1,088,032	-
Derivative financial assets	16	8,033,631	3,276,351
Cash and bank balances	17	2,899,473	2,551,633
		<b>551,034,484</b>	<b>408,193,075</b>
<b>TOTAL ASSETS</b>		<b>1,060,140,634</b>	<b>835,665,121</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid-up capital	18	96,261,551	96,261,551
<b>Reserves</b>			
<b>Capital reserves</b>			
Share premium and other reserves	19	2,009,172	2,009,172
Revaluation surplus on property, plant and equipment	20	69,713,296	55,932,669
		<b>71,722,468</b>	<b>57,941,841</b>
<b>Revenue reserves</b>			
General reserves		5,372,356	5,372,356
Unappropriated profit		76,742,861	64,357,550
		<b>82,115,217</b>	<b>69,729,906</b>
		<b>153,837,685</b>	<b>127,671,747</b>
<b>TOTAL EQUITY</b>		<b>250,099,236</b>	<b>223,933,298</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term diminishing musharaka	21	21,077,900	24,763,655
Long-term financing	22	130,660,289	35,650,703
Lease liabilities	23	164,701	100,342
Long-term deposits	24	13,976,931	12,866,349
Employee retirement benefits	25	5,492,679	4,717,134
Deferred revenue	26	30,580,528	27,697,647
		<b>201,953,028</b>	<b>105,795,830</b>
<b>Current liabilities</b>			
Current maturity of long-term diminishing musharaka	21	3,750,000	4,400,000
Current maturity of long-term financing	22	19,888,341	12,330,261
Current maturity of lease liabilities	23	32,750	31,723
Trade and other payables	28	439,323,801	353,860,690
Unclaimed dividend		645	645
Accrued mark-up	29	10,629,604	8,858,167
Taxation - net		897,273	51,692
Short-term borrowings	30	107,535,452	107,023,197
Short-term deposits	31	26,012,012	19,372,118
Provision	32	18,492	7,500
		<b>608,088,370</b>	<b>505,935,993</b>
<b>TOTAL LIABILITIES</b>		<b>810,041,398</b>	<b>611,731,823</b>
Contingencies and Commitments	33		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,060,140,634</b>	<b>835,665,121</b>

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.



**Syed Moonis Abdullah Alvi**  
Chief Executive Officer



**Saad Amanullah Khan**  
Director



**Muhammad Aamir Ghaziani**  
Chief Financial Officer

# Consolidated Statement of Profit or Loss

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ------(Rupees in '000)-----	2021 ------(Rupees)-----
<b>Revenue</b>			
Net revenue	34	346,384,175	255,006,208
Tariff adjustment	35	172,686,588	70,042,341
		519,070,763	325,048,549
<b>COST OF SALES</b>			
Purchase of electricity	36	(207,544,377)	(112,223,458)
Consumption of fuel and oil	37	(212,487,554)	(127,957,795)
Expenses incurred in generation, transmission and distribution	38	(26,329,574)	(25,672,706)
Other cost of sales		(271,230)	-
		(446,632,735)	(265,853,959)
<b>GROSS PROFIT</b>			
		72,438,028	59,194,590
Consumers services and administrative expenses	39	(27,691,234)	(25,242,321)
Impairment loss against trade debts and other receivables	12.5 & 15.1	(24,847,537)	(15,743,291)
Other operating expenses	40	(9,413,621)	(1,559,592)
Other income	41	10,206,869	9,791,234
		(51,745,523)	(32,753,970)
<b>PROFIT BEFORE FINANCE COST</b>			
		20,692,505	26,440,620
Finance cost	42	(15,122,662)	(11,112,992)
<b>PROFIT BEFORE TAXATION</b>			
		5,569,843	15,327,628
Taxation reversal / (charge)	43	2,899,471	(3,347,664)
<b>PROFIT FOR THE YEAR</b>			
		8,469,314	11,979,964
<b>EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)</b>			
	44	41,527,263	45,848,575
<b>EARNING PER SHARE - BASIC AND DILUTED</b>			
	45	0.31	0.43

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.



Syed Moonis Abdullah Alvi  
Chief Executive Officer



Saad Amanullah Khan  
Director



Muhammad Aamir Ghaziani  
Chief Financial Officer

# Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ------(Rupees in '000)-----	2021
Net profit for the year		8,469,314	11,979,964
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified to profit or loss</b>			
Changes in fair value of cash flow hedges		5,997,523	(518,836)
Adjustment for amounts transferred to profit or loss		(5,997,523)	518,836
		-	-
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of post employee benefit obligations	25.1.1	(111,783)	(162,274)
Less: Taxation thereon	27.1	32,417	47,059
		(79,366)	(115,215)
Revaluation surplus	20	25,036,606	1,986,166
Less: Taxation thereon	27.1	(7,260,616)	(575,988)
		17,775,990	1,410,178
		17,696,624	1,294,963
<b>Total comprehensive income for the year</b>		<b>26,165,938</b>	<b>13,274,927</b>

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.



**Syed Moonis Abdullah Alvi**  
Chief Executive Officer



**Saad Amanullah Khan**  
Director



**Muhammad Aamir Ghaziani**  
Chief Financial Officer

# Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2022

	Issued, subscribed and paid-up capital			Reserves						Total	
	Ordinary shares	Transaction costs	Total share capital	Capital			Revenue				
				Share premium (note 18.3)	Others	Revaluation surplus on property, plant and equipment - net of tax (Rupees in '000)	General reserves	Unappropriated profit	Total		
<b>Balance as at July 1, 2020</b>	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	-	-	-	-	-	-	-	-	11,979,964	11,979,964	11,979,964
Other comprehensive income / (loss)	-	-	-	-	-	1,410,178	1,410,178	-	(115,215)	(115,215)	1,294,963
Incremental depreciation charged relating to revaluation surplus of property, plant and equipment and disposals - net of deferred tax (note 20)	-	-	-	-	-	1,410,178	1,410,178	-	11,864,749	11,864,749	13,274,927
<b>Balance as at June 30, 2021</b>	96,653,179	(391,628)	96,261,551	1,500,000	509,172	55,932,669	57,941,841	5,372,356	64,357,550	69,729,906	223,933,298
Total comprehensive income for the year ended June 30, 2022											
Profit for the year	-	-	-	-	-	-	-	-	8,469,314	8,469,314	8,469,314
Other comprehensive income / (loss)	-	-	-	-	-	17,775,990	17,775,990	-	(79,366)	(79,366)	17,696,624
Incremental depreciation charged relating to revaluation surplus of property, plant and equipment and disposals - net of deferred tax (note 20)	-	-	-	-	-	17,775,990	17,775,990	-	8,389,948	8,389,948	26,165,938
	-	-	-	-	-	(3,995,363)	(3,995,363)	-	3,995,363	3,995,363	-
<b>Balance as at June 30, 2022</b>	96,653,179	(391,628)	96,261,551	1,500,000	509,172	69,713,296	71,722,468	5,372,356	76,742,861	82,115,217	250,099,236

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.



**Syed Moonis Abdullah Alvi**  
Chief Executive Officer



**Saad Amanullah Khan**  
Director



**Muhammad Aamir Ghaziani**  
Chief Financial Officer

# Consolidated Statement of Cash Flows

## FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
------(Rupees in '000)-----			
Profit before taxation		5,569,843	15,327,628
Adjustments for non-cash charges and other items:			
Depreciation and amortisation	38 & 39	20,834,758	19,407,955
Provision for employee retirement benefits		1,061,766	1,024,492
Provision for slow moving and obsolete inventories - net	11.1	218,463	214,257
Impairment loss against trade debts and other receivables		24,847,537	15,743,291
Provision against fatal accident cases	32	36,642	52,900
Gain on sale of property, plant and equipment	41	(2,194,267)	(1,887,009)
Unrealised exchange gain / loss on long-term financing		9,539,840	(1,134,440)
Unrealised loss / (gain) on derivative financial assets		(5,997,523)	518,836
Unrealised exchange gain on other financial assets - at amortised cost		(906,456)	-
Unrealised exchange loss on other foreign liabilities		3,216,365	-
Interest income on term deposits		(31,575)	-
Finance cost (excluding amortisation of transaction cost)		14,792,190	10,820,291
Amortisation of transaction cost	42	330,133	292,701
Reversal of interest accrued on security deposits		(1,962,573)	-
Amortisation of deferred revenue	26	(2,405,777)	(2,193,134)
Return on bank deposits	41	(450,032)	(231,891)
Operating profit before working capital changes		66,499,334	57,955,877
Working capital changes:			
(Increase) / decrease in current assets			
Inventories		(1,240,867)	(3,330,907)
Trade debts		(51,581,534)	(20,625,808)
Loans and advances		898,493	(781,242)
Deposits and short term prepayments		(4,054,407)	(411,037)
Other receivables		(105,707,224)	(62,931,626)
		(161,685,539)	(88,080,620)
Increase / (decrease) in current liabilities			
Trade and other payables		82,212,439	86,229,710
Short-term deposits		4,229,771	(52,191)
		86,442,210	86,177,519
Cash (used in) / generated from operations		(8,743,995)	56,052,776
Employee retirement benefits paid		(398,004)	(1,731,671)
Income tax paid		(3,511,014)	(2,744,078)
Receipts in deferred revenue	26	5,288,658	5,076,643
Finance cost paid		(20,120,911)	(14,575,732)
Payments made in respect of out of court settlements	32	(25,650)	(52,900)
Interest received on bank deposits	41	450,032	231,891
Long-term loans		1,966	2,664
Long-term deposits		-	(486)
		(18,314,923)	(13,793,669)
Net cash (used in) / generated from operating activities		(27,058,918)	42,259,107
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(51,262,747)	(76,567,636)
Proceeds from disposal of property, plant and equipment		4,003,158	2,283,807
Investment in other financial asset - at amortised cost		(16,504,844)	-
Net cash used in investing activities		(63,764,433)	(74,283,829)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term diminishing musharaka - net	49.4	(4,400,000)	(3,241,590)
Proceeds from / (repayment of) long-term financing - net	49.4	94,002,181	(851,972)
Lease payments	23.2	(53,827)	(45,215)
(Repayment of) / proceeds from short-term borrowings - net	49.4	(5,858,876)	25,052,730
Security deposit from consumers	49.4	1,110,582	1,147,489
Net cash generated from financing activities		84,800,060	22,061,442
Net decrease in cash and cash equivalents		(6,023,291)	(9,963,280)
Cash and cash equivalents at beginning of the year		(35,798,805)	(25,835,525)
Cash and cash equivalents at end of the year	47	(41,822,096)	(35,798,805)

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.



**Syed Moonis Abdullah Alvi**  
Chief Executive Officer



**Saad Amanullah Khan**  
Director



**Muhammad Aamir Ghaziani**  
Chief Financial Officer

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED JUNE 30, 2022

## 1. LEGAL STATUS AND ITS OPERATIONS

The Group consists of K-Electric Limited (the Holding Company) and its subsidiary companies namely KE Venture Company (Private) Limited (KEVCL) and K-Solar (Private) Limited (K-Solar). Brief profiles of the Holding Company and its subsidiaries are as follows:

### 1.1 K-Electric Limited

1.1.1 The Holding 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 Holding Company is situated at KE House, 39-B, Sunset Boulevard, Phase II, DHA, Karachi.

1.1.2 The Holding 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 NEPRA Act 1997) to its licensed areas. KES Power Limited (the Holding Company of Group) incorporated in Cayman Island, holds 66.40 percent (June 30, 2021: 66.40 percent) shares in the Holding Company.

1.1.3 The business units of the Holding Company include the following:

#### Place of business

#### Geographical location

Registered / Head Office  
Generation Plants  
Elander Road Office  
Civic Centre Office

KE House, 39-B, Sunset Boulevard, Phase II, DHA, Karachi  
Port Qasim, Korangi & S.I.T.E., Karachi  
Elander Road, Karachi  
Civic Centre, Karachi

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

### 1.2 KE Venture Company (Private) Limited

KE Venture Company (Private) Limited (KEVCL) was incorporated on July 30, 2020, as a private company with the intent to be the investment arm of the Holding Company to carry on any business including but not limited to businesses dealing in electricity and all other forms of energy, and products or services associated therewith. The registered office of KEVCL is situated at KE House, 39-B, Sunset Boulevard, Phase II, DHA, Karachi.

The Holding Company along with its nominees held 100% shares of KEVCL as at June 30, 2022 (2021: 100% holding).

The operations of KEVCL have not started as at year end.

### 1.3 K-Solar (Private) Limited

K-Solar (Private) Limited (K-Solar) was incorporated on September 18, 2020, as a private company to carry on all or any of the businesses dealing in electricity and all other forms of renewable energy and products or services associated therewith, and for promoting the conservation and efficient use of electricity. The registered office of K-Solar is situated at K-Solar House, Unit No. 3 & 4, SASI Town Houses, Abdullah Haroon Road, Civil Lines, Karachi. K-Solar is a wholly owned subsidiary of KEVCL.

The Holding Company held 100% effective shareholding of K-Solar as at June 30, 2022 (2021: 100% holding).

1.4 These are first consolidated financial statements of the Group. In view of exemption granted by Securities and Exchange Commission of Pakistan (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, consolidated financial statements of the Group were not prepared for the year ended June 30, 2021. Therefore, corresponding figures of these consolidated financial statements are not audited. Standalone financial statements of the Holding Company and its subsidiary companies for the year ended June 30, 2021 were audited by their respective independent auditors.

1.5 As notified on the Pakistan Stock Exchange on October 28, 2016, Shanghai Electric Power Company Limited (SEP) has entered into a Sale and Purchase Agreement (SPA) with KES Power Limited (the Holding Company of Group) to acquire up to 66.40 percent of the shares in the Holding 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 PAIs on different dates with latest PAI being notified on June 28, 2022 incorporating amended / additional requirements pursuant to the Securities Act, 2015 and the aforementioned regulations.

1.6 The Holding Company, being a regulated entity, is governed through Multi Year Tariff (MYT) regime. Accordingly, National Electric Power Regulatory Authority (NEPRA) determines tariff for the Holding 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 Holding 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 Holding 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 Holding 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 Holding 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 Holding Company after considering that the MYT decision did not consider actual equity invested into the Holding Company, applied 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 Holding Company an appropriate transition period, approached the Appellate Tribunal for relief under Section 12G of the NEPRA Act 1997 which has now become functional and the Holding Company's appeal is likely to be heard and decided accordingly. The Holding 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 Holding Company, on April 3, 2019, withdrew the suit filed with HCS against MYT decision, as the Holding 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 Holding Company's revenue for the current year has been based on the aforementioned MYT decision.

1.7 The Holding 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 Holding Company along with other adjustments.

NEPRA held a public hearing on this matter on September 16 and 17, 2020. Considering the significant changes to macro-economic factors due to COVID-19, revision in investment plan and other changes in underlying factors, the Holding Company updated its earlier request of increase in base tariff of Rs. 1.64/kWh through its letter dated October 1, 2020 and requested for an increase of Rs. 1.21/kWh in the base tariff effective July 1, 2016.

During the year, NEPRA issued its Determination on MTR on March 01, 2022, (MTR decision) wherein NEPRA has determined a downward adjustment of Rs. 0.22/ kWh. In its decision, NEPRA has not allowed additional investment requested, disallowed cost of working capital, allowed partial exchange rate variation for return on equity indexation and has not considered other adjustments. Being aggrieved, the Holding Company has filed an appeal before Appellate Tribunal and will pursue its legitimate concerns / issues with the Appellate Tribunal. However, prudently, the impact of the downward adjustment of Rs. 0.22/kWh has been recognised in these consolidated financial statements.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These consolidated 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 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and
- Provisions of and directives issued under the Act.

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

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

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

There were certain amendments to the accounting and reporting standards as applicable in Pakistan which became effective during the year ended June 30, 2022. These did not significantly affect the financial reporting of Group and therefore have not been disclosed in these consolidated financial statements, except for the following amendments:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest rate benchmark reform – Phase 2

The IASB has issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. The objective of the disclosures required by the Phase 2 amendments is to enable users of financial statements to understand the effect of IBOR reform on an entity's financial instruments and risk management strategy. The relevant information about the nature and extent of risks arising from IBOR reform to which the Holding Company is exposed, how the Holding Company manages those risks, and the Holding Company's progress in completing the transition to alternative benchmark rates and how it is managing that transition is disclosed in note 22.13.

#### b) Amendments to accounting and reporting standards which are not yet effective however have been early adopted

- Amendment to IAS 16 'Property, Plant and Equipment' - Proceeds before the intended use

In 2020, the IASB made an amendment - Proceeds before the intended use in IAS 16 - "Property, Plant and Equipment". As a result, the net proceeds received from selling the output produced before the asset is ready for its intended use are to be recognized in the statement of profit or loss. Previously, such proceeds were deducted from the cost of the asset. This amendment is to be applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after beginning of the earliest period presented. The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with an option of early adoption.

The Holding Company has assessed its implication and decided to adopt the amendment early as permitted under the amendment and aligned with the accounting and reporting standards as applicable in Pakistan. The change in accounting policy has been made in accordance with the transitional provisions of the amendment. Had the amendments not been early adopted, revenue and cost of fuel for the year would have been lower by Rs. 8,117 million.

### c) 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 there against:

	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 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

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

In addition to the above, the SECP through S.R.O. 1177 (I)/2021 dated September 13, 2021 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, 2022, 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 ECL on financial assets due from the GoP shall become applicable with effect from July 1, 2022. At present the impacts of application of ECL method on such financial assets are being assessed by the Holding Company's management.

### 2.3 Basis of measurement

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

### 2.4 Functional and presentation currency

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

### 2.5 Use of estimates and judgments

The preparation of consolidated 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 Group's accounting policies, management has made the following accounting estimates and judgments which are significant to these consolidated financial statements:

#### 2.5.1 Tariff adjustment determination

As per the mechanism laid out in the MYT decision, the Holding 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 Holding 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 Group 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. 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.

In respect of the Holding Company, the estimates of revalued amounts of leasehold land, plant and machinery and transmission grid equipment are based on valuation carried out by professional valuers.

### 2.5.3 Lease liabilities

The Group 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 Group has the option, under its lease arrangements to lease the assets for additional terms. The Group 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 Group 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 Holding Company assesses the recoverability of these financial assets if there is objective evidence that the Holding 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 Group 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 Group'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 Group'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 Group 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 25.

### 2.5.7 Taxation

In making the estimate for income tax payable, the Group 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 5.1.4 and 48.2 respectively.

### 2.5.9 Derivatives

The Holding 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 Group has a 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. Provision are reviewed at each reporting date and adjusted to reflect the current best estimate.

The assessment of contingencies inherently involves the exercise of significant judgement as the outcome of future events cannot be predicted with certainty. The Group, based on availability of latest information, estimates the value of contingent liabilities, which may differ on the occurrence / non-occurrence of uncertain future event(s).

## 3. BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Holding Company and its subsidiaries.

A company is a subsidiary, if the Holding Company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies shareholders' equity in these consolidated financial statements.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

## 4.1 Property, plant and equipment

### 4.1.1 Operating fixed assets

#### *Initial recognition*

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the Group 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 of the Holding Company 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 Group 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 Group 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 5.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month preceding the disposal.

Useful lives are determined on expected usage of asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors. The 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 5.1.4.

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.

### 4.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment, if any, and consists of expenditure incurred and advances made in respect of property, plant and equipment 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.

### 4.1.3 Surplus on revaluation of property, plant and equipment

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

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

## 4.2 Intangible assets

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

Intangible assets with finite useful lives are amortised on a straight line basis over the useful economic life specified in note 6.2 and are assessed for impairment whenever there is an indication of impairment. Amortisation on additions is charged from the month of acquisition and on disposals up to the month preceding the disposal.

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

## 4.3 Lease liability and Right-of-use asset

At inception of a contract, the Group 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 Group'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 Group under residual value guarantees, the exercise price of a purchase option if the Group 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 Group 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 Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group 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 Group does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases where the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

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

#### 4.4 Financial instruments

##### 4.4.1 Financial assets

###### Classification

The Group 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 Group 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 Group'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 Group 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 Group.

#### 4.4.2 Financial liabilities

All financial liabilities are recognised at the time when the Group 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.

#### 4.4.3 Offsetting financial instruments

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

#### 4.5 Investment property

Investment property is initially measured at cost, including transaction 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.

#### 4.6 Inventories

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

#### 4.7 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless these contain significant financing component in which case these are recognised at fair value. The Group holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest method. Impairment of trade debts and other receivables is described in note 4.9.1.

#### 4.8 Derivative financial instruments and hedge accounting

The Group 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 Group formally designates and documents the hedge relationship to which the Group 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 Group 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.

## 4.9 Impairment

### 4.9.1 Impairment of financial assets

#### Financial assets covered under IFRS 9

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

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

#### Financial assets covered under IAS 39

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

#### 4.9.2 Impairment of non-financial assets

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

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

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

#### 4.10 Cash and cash equivalents

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

#### 4.11 Share capital

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

#### 4.12 Loans and borrowings

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

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

#### 4.13 Deferred revenue

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

#### 4.14 Employee retirement and other service benefits

##### 4.14.1 Defined benefit plans

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

The amount recognised in the consolidated 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 external actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, 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 Group operates following retirement schemes for its employees:

(a) **Defined benefit gratuity scheme**

The Holding Company operates a funded gratuity scheme managed by trustees. The funded gratuity scheme covers all regular employees of the Holding Company who joined the Holding Company upto September 30, 2021. 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 and its vesting is based on service period of employee. Contributions are made to the fund in accordance with the actuarial recommendations.

The Holding Company has discontinued the gratuity for its employees who joined effective October 1, 2021.

(b) **Post retirement medical benefits**

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

#### 4.14.2 Defined contributory provident fund

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

#### 4.14.3 Earned leave

The Holding 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 consolidated statement of financial position represents the present value of the obligation based on actuarial valuation. Remeasurement gains and losses pertaining to long term compensated absences are recognised in profit or loss. This comprise of staff and officers as follows:

(a) **Staff**

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

(b) **Officers**

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

#### 4.15 Current and deferred income tax

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

##### 4.15.1 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.

#### 4.15.2 Deferred

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

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

#### 4.16 Trade and other payables

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

#### 4.17 Provisions

A provision is recognised when the Group 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 reviewed at each reporting date and adjusted to reflect the current best estimate.

#### 4.18 Contingencies

Contingencies are disclosed when Group has possible obligation that arises from past event and whose existence will be confirmed only by occurrence and non-occurrence of one or more uncertain future events not wholly within the control of Group, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

#### 4.19 Revenue recognition and other income

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

##### 4.19.1 Sale of energy

Revenue is recognised on supply of electricity to consumers based on meter readings and / or on the mechanism provided in consumer service manual 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.

##### 4.19.2 Tariff adjustment

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

##### 4.19.3 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 consolidated financial statements.

##### 4.19.4 Late payment surcharge

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

#### 4.19.5 Rebate on electricity duty

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

#### 4.19.6 Interest / mark-up income

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

#### 4.20 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. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs. Such borrowing costs, if any, are added to the cost of those assets, during the period of time that is required to complete and prepare the asset for its intended use.

#### 4.21 Assets held under Ijarah financing

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

#### 4.22 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 instruments against a cash flow hedge, the gains and losses on translation of the same are taken to other comprehensive income to the extent that related hedges are effective. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

#### 4.23 Dividend and appropriation to reserves

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

#### 4.24 Segment reporting

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

#### 4.25 Earnings per share

The Group 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 Group 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	2022 ------(Rupees in '000)-----	2021
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	337,420,702	298,062,507
Capital work-in-progress (CWIP)	5.4	151,674,637	125,881,045
Right-of-use assets	5.5	188,345	126,716
		<u>489,283,684</u>	<u>424,070,268</u>

5.1. OPERATING FIXED ASSETS

	Cost model			Revaluation model										Cost model					Total
	Leasehold (note 5.1.1)	Other (note 5.1.2)	Land	Leasehold land	Buildings on other land	Owned	Plant and machinery	Assets given under long term diminishing musharaka sukuk (note 21.1)	Transmission grid equipment	Transmission lines and SCADA equipment	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	
	Level 2 fair value																		
	Level 3 fair value																		
	(Rupees in '000)																		
<b>Year ended June 30, 2020</b>																			
Cost / Revalued amount	580,297	-	-	5,892,416	6,330,656	166,409,768	47,336,043	80,654,794	32,899,649	82,789,825	5,166,056	1,705,515	184,630	1,782,386	2,265,127	3,761,298	67,713	452,869,609	
Accumulated depreciation	-	-	-	(903,648)	(1,980,986)	(67,165,353)	(30,678,905)	(26,848,645)	(10,448,472)	(28,730,813)	(3,223,486)	(1,147,397)	(156,240)	(1,155,758)	(1,185,774)	(1,272,514)	(67,713)	(167,565,506)	
Net book value	580,297	-	-	4,988,768	4,349,670	109,244,415	16,657,138	53,806,149	22,451,177	54,059,312	1,942,570	558,116	28,380	626,628	1,079,353	2,488,784	-	285,014,103	
<b>Year ended June 30, 2021</b>																			
Opening net book value	580,297	-	-	4,988,768	4,349,670	109,244,415	16,657,138	53,806,149	22,451,177	54,059,312	1,942,570	558,116	28,380	626,628	1,079,353	2,488,784	-	285,014,103	
Transfers from CWIP (note 5.4)	-	-	-	419,520	3,767	4,727,961	198,383	5,625,870	4,296,901	14,880,892	8,697	55,417	-	342,490	48,678	-	-	30,609,576	
Revaluation surplus (note 5.1.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,986,166	
Disposals (note 5.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cost / Revalued amount	-	-	-	(44,741)	-	(44,741)	(210)	(377,240)	(108,611)	(1,719,385)	(4,205)	(31,264)	(13,746)	(13,746)	(6,746)	-	-	(2,328,945)	
Accumulated depreciation	-	-	-	31,623	-	31,623	188	233,912	93,701	1,501,306	14,205	25,965	12,417	13,673	5,151	-	-	1,932,147	
Reclassifications	-	-	-	(13,118)	-	(13,118)	(22)	(143,328)	(14,910)	(218,079)	(5,299)	(6,299)	(6,7)	(6,7)	(595)	-	-	(386,798)	
Cost / Revalued amount	-	-	-	1,201	-	1,201	-	775,582	688,165	(2,816)	(1,440,132)	-	-	-	-	-	-	-	
Accumulated depreciation	-	-	-	(2,49)	-	(2,49)	-	(903,096)	(206,993)	2,535	507,793	-	-	-	-	-	-	-	
Depreciation charge (note 5.1.7)	(212,759)	-	-	(156,495)	(234,711)	(931,062)	(1,613,346)	(2,045,238)	(955,520)	(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	-	5,251,783	4,118,726	104,649,587	15,243,153	57,713,949	26,238,820	65,188,366	593,018	519,804	22,811	778,541	894,370	2,252,531	-	288,082,507	
<b>As at June 30, 2021</b>																			
Cost / Revalued amount	16,729,602	580,297	-	6,311,936	6,334,423	171,094,189	47,635,216	86,677,006	37,756,104	96,948,516	3,720,416	1,729,688	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)	(28,963,057)	(11,517,284)	(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	57,713,949	26,238,820	65,188,366	593,018	519,804	22,811	778,541	894,370	2,252,531	-	288,082,507	
<b>Year ended June 30, 2022</b>																			
Opening net book value	13,926,741	580,297	-	5,251,783	4,118,726	104,649,587	15,243,153	57,713,949	26,238,820	65,188,366	593,018	519,804	22,811	778,541	894,370	2,252,531	-	288,082,507	
Transfers from CWIP (note 5.4)	2,028	407,218	-	473,983	184,441	5,282,624	46,122	2,329,683	4,109,080	23,007,229	77,878	27,220	3,034	624,860	43,205	-	-	36,817,525	
Revaluation surplus (note 5.1.3)	1,324,753	-	-	-	-	17,677,983	526,219	5,507,651	-	-	-	-	-	-	-	-	-	25,038,606	
Disposals (note 5.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cost / Revalued amount	-	-	-	(46,876)	-	(46,876)	(344,234)	(1,537,570)	(446,478)	(1,934,465)	(117,686)	(35,892)	(30,920)	(121,341)	(8,500)	(41,440)	-	(7,985,486)	
Accumulated depreciation	-	-	-	1,526,416	-	1,526,416	285,709	1,193,864	394,448	1,656,755	117,686	26,169	27,828	120,447	7,042	20,221	-	5,376,595	
Depreciation charge (note 5.1.7)	(250,879)	-	-	(161,543)	(235,849)	(944,946)	(1,693,293)	(2,287,454)	(1,023,208)	(4,381,584)	(220,562)	(87,793)	(6,321)	(310,566)	(144,754)	(238,219)	-	(20,487,045)	
Closing net book value	15,002,543	987,515	-	5,564,243	4,067,318	117,121,121	14,062,676	62,920,124	29,273,264	83,536,201	450,334	449,508	19,432	1,091,947	881,383	1,993,093	-	337,420,702	
<b>As at June 30, 2022</b>																			
Cost / Revalued amount	18,056,383	987,515	-	6,785,929	6,518,864	191,487,253	47,762,323	92,976,771	41,419,308	117,021,180	3,880,598	1,720,996	142,947	2,614,649	2,342,764	3,719,858	67,713	537,205,051	
Accumulated depreciation	(3,053,840)	-	-	(1,221,686)	(2,451,546)	(74,366,132)	(33,696,647)	(30,056,647)	(12,146,044)	(33,484,879)	(3,230,264)	(1,271,488)	(123,515)	(1,522,702)	(1,461,381)	(1,726,765)	(67,713)	(199,984,349)	
Net book value	15,002,543	987,515	-	5,564,243	4,067,318	117,121,121	14,062,676	62,920,124	29,273,264	83,536,201	450,334	449,508	19,432	1,091,947	881,383	1,993,093	-	337,420,702	
Annual rate of depreciation (%)	1.01 to 3.03	2	2 to 20	2.85 to 33.33	2.85 to 33.33	2.85 to 33.33	3 to 10	3 to 10	3 to 3.33	3 to 10	20	10 to 15	20	14.33 to 33.33	10 to 15	3.33 to 20	14.33		

### 5.1.1 Leasehold land

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

### 5.1.2 Other land

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

	Note	2022 ------(Rupees in '000)-----	2021
Amenity			
- Leasehold		948,268	541,050
- Freehold (mainly grid)		671	671
		<u>948,939</u>	<u>541,721</u>
Leasehold land – owned	5.1.2.1	38,576	38,576
		<u>987,515</u>	<u>580,297</u>

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

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

	Name of external valuer	Revaluation date	Written down value before revaluation ------(Rupees in '000)-----	Revalued amount as at revaluation date
Leasehold land	Harvester Services (Private) Limited	June 30, 2022	13,677,789	15,002,542
Plant and machinery	Harvester Services (Private) Limited	June 30, 2022	112,903,028	131,107,230
Transmission grid equipment	Harvester Services (Private) Limited	June 30, 2022	57,406,835	62,914,486

These valuations fall under level 2 and 3 hierarchies which have been explained in note 5.1.4.

5.1.3.1 The forced sale value of leasehold land, plant and machinery and transmission grid equipment as at the date of respective revaluations amounts to Rs. 12,002 million, Rs. 92,387 million and Rs. 47,186 million, respectively.

5.1.3.2 Had there been no revaluation, the values of specific classes of leasehold land, plant and machinery and transmission grid equipment as at June 30, 2022 and June 30, 2021 under the cost model would have been as follows:

	Cost		Written down value	
	2022	2021	2022	2021
	------(Rupees in '000)-----			
Leasehold land	833,055	831,027	719,063	731,013
Plant and machinery	136,214,137	133,198,668	68,939,331	71,590,687
Transmission grid equipment	57,374,378	55,764,940	41,260,329	40,433,323
	<u>194,421,570</u>	<u>189,794,635</u>	<u>110,918,723</u>	<u>112,755,023</u>

### 5.1.4 Non financial asset fair valuation

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

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

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

#### Valuation techniques and significant unobservable inputs

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

#### Leasehold land

The fair value of leasehold land was determined by obtaining market values of the properties and considering its size, nature and location, as well as the trend in the real estate and property sector. All relevant factors affecting the ability to sell the asset, availability of the buyers and the assessment of its real value under prevailing economic conditions were accounted for. The value of the land was assessed based on information available in current real estate market and has been 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 Group and the trend of prices of major raw material i.e. copper and steel. Depreciation is then applied on the basis of average spent life on straight line basis.

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

For plant and machinery, valuer has ascertained the value on the basis of depreciated replacement cost. The total assessed value of the plant is obtained on the basis of manufacturing cost of the machine on the international standard and practice. The rates of manufacturing of similar kinds of machinery are acquired from different manufacturers. Depreciation is then applied on the basis of average spent life on straight line basis.

The actual fair value of plant and machinery would increase / decrease if current manufacturing cost 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 consolidated financial statements.

5.1.5 The cost of fully depreciated assets as at June 30, 2022 is Rs. 69,627 million (2021: Rs. 52,009 million).

5.1.6 Due to nature of the Holding Company's operations, certain assets included in transmission and distribution network are not in possession of Holding 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 Holding Company as required under the Fourth Schedule to the Companies Act, 2017.

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

		2022	2021
	Note	------(Rupees in '000)-----	
Expenses incurred in generation, transmission and distribution	38	15,664,668	15,185,523
Consumers services and administrative expenses	39	4,822,377	3,965,017
		20,487,045	19,150,540

## 5.2 The details of operating fixed assets disposed of 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)						
<b>Plant and machinery</b>							
Auxiliary Transformer Main Brown Boveri	20,311	4,303	16,008	4,230	(11,778)	Tender	M/s. Sar Metals Inco.
Battery and Cell	46,010	25,950	20,060	163	(19,897)	Tender	M/s. Sar Metal Inco.
Battery and Cell	84,413	15,439	68,974	365	(68,609)	Tender	M/s. Metpak Industries (Pvt.) Ltd.
Boiler & Turbine Plant Equipment	41,023	8,333	32,690	2,996	(29,694)	Tender	M/s. Bismillah Metal Impex
Boiler & Turbine Plant Equipment	269,330	233,028	36,302	3,591	(32,711)	Tender	M/s. Metpak Industries (Pvt.) Ltd.
Boiler & Turbine Plant Equipment	53,505	39,613	13,892	6,640	(7,252)	Tender	M/s. Bismillah Metal Impex
Condenser & Equipments 220MW (ST)	904	302	602	31	(571)	Tender	M/s. Universal Metal (Pvt) Ltd
Flood Light 150W	1,556	491	1,065	6	(1,059)	Tender	M/s. Bismillah Metal Impex
Gas Engine 1&3 Block	24,340	18,235	6,105	502	(5,603)	Tender	M/s. M.M Alloys (Pvt.) Ltd.
Gas Turbine	1,083,534	859,187	224,347	146,229	(78,118)	Tender	M/s. Metpak Industries (Pvt.) Ltd.
Level Gauge, P00000661 (CCPP GT-4)	742	184	558	26	(532)	Tender	M/s. Shahzad & Sons
Main Turbine Terminal Box MTTB-1 & 4	3,779	1,318	2,461	131	(2,330)	Tender	M/s. Ashfaq And Sons
Main Turbine Terminal Box MTTB-4	1,816	642	1,174	479	(695)	Tender	M/s. Bismillah Metal Impex
P&M- Engine	1,223	367	856	29	(827)	Tender	M/s. Universal Metal (Pvt) Ltd
P&M Spares	14,968	6,290	8,678	350	(8,328)	Tender	M/s. Bismillah Metal Impex
P&M-Auxiliary	45,739	13,295	32,444	1,064	(31,380)	Tender	M/s. Sar Metals Inco.
P&M-Cwp System	20,170	11,759	8,411	269	(8,142)	Tender	M/s. Abdullah Engineering Works
P&M-Others	34,250	12,316	21,934	751	(21,183)	Tender	M/s. Bismillah Metal Impex
Sector Plate Assembly, Cold End	1,168	264	904	15	(889)	Tender	M/s. Bismillah Metal Impex
Water Treatment Plant (Sea Water ) (Sgtii)	960	188	772	33	(739)	Tender	M/s. M.M Alloys (Pvt.) Ltd.
<b>Transmission grid equipment and lines</b>							
Aluminium Cable	8,037	7,203	834	6,079	5,245	Tender	M/s Bismillah Metal Impex
Battery and Cell	39,839	11,974	27,865	172	(27,693)	Tender	M/s. Sar Metals Inco.
Battery and Cell	16,514	5,229	11,285	549	(10,736)	Tender	M/s Universal Metal (Pvt) Ltd
Battery Bank 240 V	3,194	883	2,311	99	(2,212)	Tender	M/s Sar Metal Inco.
Battery Charger 110 Volt (Gis) Nife	5,495	1,591	3,904	84	(3,820)	Tender	M/s Metpak Industries (Pvt.) Ltd.
Blower System Carrier	11,796	3,577	8,219	10	(8,209)	Tender	M/s Metpak Industries (Pvt.) Ltd.
Breaker CT and PT	6,397	5,757	640	3,670	3,030	Tender	M/s Bismillah Metal Impex
Breaker CT and PT	5,681	5,113	568	2,940	2,372	Tender	M/s M.M Alloys (Pvt.) Ltd.
Bushing and Isolater	76,478	68,830	7,648	6,421	(1,227)	Tender	M/s Bismillah Metal Impex
Bushing And Isolater	107,344	96,609	10,735	1,840	(8,895)	Tender	M/s M.M Alloys (Pvt.) Ltd.
Cell Capacitor	9,473	2,714	6,759	46	(6,713)	Tender	M/s Ashfaq And Sons
Copper Conductor	6,287	5,635	652	53,276	52,624	Tender	M/s Universal Metal (Pvt) Ltd
Copper Various Items	5,602	5,041	561	10,221	9,660	Tender	M/s Bismillah Metal Impex
Disc Insulator	22,775	19,670	3,105	2,255	(850)	Tender	M/s Bismillah Metal Impex
Disc Insulator	18,552	16,697	1,855	1,229	(626)	Tender	M/s Home Impex
Disc Insulator	17,612	15,808	1,804	607	(1,197)	Tender	M/s M.N. Enterprises
Disc Insulator	10,244	9,219	1,025	937	(88)	Tender	M/s Sar Metal Inco.
Electronic Equipment	15,995	14,396	1,599	116	(1,483)	Tender	M/s Bismillah Metal Impex
Fiber Optic Cable	13,797	8,313	5,484	3,832	(1,652)	Tender	M/s Bismillah Metal Impex
In and Out Panel	183,899	133,974	49,925	40,813	(9,112)	Insurance Claim	M/s Adamjee Insurance Ltd
Panel and Line Breaker	18,707	12,247	6,460	1,468	(4,992)	Tender	M/s Abdullah Engineering Works
Relay Control Box	5,309	4,778	531	11	(520)	Tender	M/s M.M Alloys (Pvt.) Ltd.
Remote Control Panel 40 MVA	3,502	946	2,556	3	(2,553)	Tender	M/s Metpak Industries (Pvt.) Ltd.
Switch Gear 11 KV	25,855	11,538	14,317	6,630	(7,687)	Tender	M/s K.G.M Alloys
Switch Gear 11 KV	5,788	1,789	3,999	241	(3,758)	Tender	M/s Metpak Industries (Pvt.) Ltd.
Switch Gear 11 KV Asea	3,924	2,081	1,843	151	(1,692)	Tender	M/s RM Steel Industry
Switch Gear 11 KV Outgoing Panel	20,534	6,525	14,009	1,618	(12,391)	Tender	M/s Rana and Company
Switch Panel and Switches	35,429	31,887	3,542	3,509	(33)	Tender	M/s Abdullah Engineering Works
Switch Panel and Switches	8,756	7,075	1,681	4,995	3,314	Tender	M/s Sar Metal Inco.
Switches and Trolleys	84,229	24,390	59,839	1,817	(58,022)	Tender	M/s Bismillah Metal Impex
Transformer - PMTs	669,458	596,175	73,283	88,988	15,705	Tender	M/s Bismillah Metal Impex
Transformers	267,768	238,456	29,312	32,200	2,888	Tender	M/s Abdullah Engineering Works
Trolley, Vcb Outgoing 11KV,WKC	2,911	309	2,602	112	(2,490)	Tender	M/s RM Steel Industry
VCB Panel Outgoing	1,559	143	1,416	292	(1,124)	Tender	M/s M.M Alloys (Pvt.) Ltd.

	Original cost / Revalued amount	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer
	(Rupees in '000)						
<b>Distribution</b>							
Energy Meter	86,031	73,556	12,475	45,463	32,988	Tender	M/s. Abdullah Engineering Works
VCB Trolleys	36,100	32,490	3,610	4,325	715	Tender	M/s. Abdullah Engineering Works
Poles	11,487	10,339	1,148	17,368	16,220	Tender	M/s. Abdullah Engineering Works
Poles	6,628	5,965	663	8,869	8,206	Tender	M/s. Al Karam Steel Trading
Switches	25,132	22,618	2,514	3,598	1,084	Tender	M/s. Al-Had International
Cell Capacitor	6,441	5,797	644	31	(613)	Tender	M/s. Ashfaq And Sons
Aluminum Conductor and Cable	62,320	49,161	13,159	74,141	60,982	Tender	M/s. Bismillah Metal Impex
Copper Conductor and Cable	46,853	36,214	10,639	173,072	162,433	Tender	M/s. Bismillah Metal Impex
Energy Meter	272,499	234,372	38,127	116,807	78,680	Tender	M/s. Bismillah Metal Impex
Poles	19,264	17,338	1,926	24,519	22,593	Tender	M/s. Bismillah Metal Impex
Switches	10,639	9,575	1,064	2,145	1,081	Tender	M/s. Bismillah Metal Impex
Transformer - PMTs	17,831	6,754	11,077	3,714	(7,363)	Tender	M/s. Bismillah Metal Impex
Transformer - PMTs & VCB Trolleys	5,267	4,740	527	2,386	1,859	Tender	M/s. Bismillah Metal Impex
VCB Trolleys	650	66	584	62	(522)	Tender	M/s. Bismillah Metal Impex
Energy Meter	154,085	137,042	17,043	54,712	37,669	Tender	M/s. M.M Alloys (Pvt.) Ltd.
Switches	32,518	29,266	3,252	3,946	694	Tender	M/s. M.M Alloys (Pvt.) Ltd.
VCB Trolleys	45,901	41,311	4,590	7,293	2,703	Tender	M/s. M.M Alloys (Pvt.) Ltd.
Poles	7,017	6,316	701	7,215	6,514	Tender	M/s. M.N. Enterprises
Transformer - Tank Housing with Core	1,021	498	523	315	(208)	Tender	M/s. M.N. Enterprises
VCB Trolleys	26,536	23,882	2,654	3,393	739	Tender	M/s. Sar Metals Inco.
Switches	27,589	24,831	2,758	3,346	588	Tender	M/s. Sar Metals Inco.
Switches	3,393	471	2,922	102	(2,820)	Tender	M/s. Metpak Industries (Pvt.) Ltd.
Cell Capacitor	26,767	24,090	2,677	343	(2,334)	Tender	M/s. Muhammad Ashfaq
Switches	65,124	56,301	8,823	7,754	(1,069)	Tender	M/s. Rana and Company
VCB Trolleys	19,590	17,631	1,959	2,200	241	Tender	M/s. Rana and Company
Breaker CT and PT	5,049	4,544	505	2,101	1,596	Tender	M/s. RM Steel Industry
Poles	74,060	66,654	7,406	98,595	91,189	Tender	M/s. RM Steel Industry
Aluminium Cable	2,468	1,825	643	5,202	4,559	Tender	M/s. Universal Metal (Pvt) Ltd
Copper Conductor and Cable	51,328	44,073	7,255	223,442	216,187	Tender	M/s. Universal Metal (Pvt) Ltd
<b>Furniture, Air conditioners and office equipment</b>							
Air conditioning equipment	1,012	273	739	417	(322)	Tender	M/S.Metpak Industries (Pvt) Ltd
<b>Items having written down value below Rs. 500,000</b>							
Computers and related equipment	538	493	45	257	212	Laptop buyback	Various employees
Computers and related equipment	121,445	120,594	851	2,746	1,895	Tender	Various Vendors
Distribution Network	902,572	786,730	115,842	2,083,729	1,967,887	Tender	Various Vendors
Furnitures, Airconditioner & office equipment	34,880	25,896	8,984	8,834	(150)	Tender	Various Vendors
Plant & Machinery	425,969	324,787	101,182	74,307	(26,875)	Tender	Various Vendors
Tools & General Equipments	8,863	7,325	1,538	1,247	(291)	Tender	Various Vendors
Transmission Grid Equipments and Lines	244,715	211,741	32,974	300,045	267,071	Tender	Various Vendors
Vehicles	30,922	27,826	3,096	33,736	30,640	Tender	Various Vendors
	1,769,904	1,505,392	264,512	2,504,901	2,240,389		
<b>Gas Turbine Main Terminal Box MTTB-1 Partially Retired</b>							
	776,501	255,134	521,367	156,250	(365,117)	Exchange case	M/s. GE Packaged Power Inc.
<b>June 30, 2022</b>							
	7,185,486	5,376,595	1,808,891	4,003,158	2,194,267		
<b>June 30, 2021</b>							
	2,328,945	1,932,147	396,798	2,283,807	1,887,009		

5.3 The details of immovable fixed assets (land and buildings) of the Group are as follows:

Particulars	Location	Total Area of Land Square Yards
<b>Power Plants</b>		
Bin Qasim Power Complex	Bin Qasim, Karachi	1,079,979
Korangi Power Station	Korangi, Karachi	545,516
Site Gas Turbine Power Station	S.I.T.E., Karachi	27,491
Korangi Town Power Station	Korangi, Karachi	19,360
<b>Open Plots</b>		
Open plot in Deh Kharkhero for Grid	Malir, Karachi	250,107
Open plot at Green Belt P.E.C.H.S. for Grid	P.E.C.H.S., Karachi	10,275
Open plot for Complain center in Uthal survey 755	District Lasbella	2,000
Open plot in Gulistan-e-Joher (FL-15-16)	Gulistan-e-Joher, Karachi	9,680
Shireen Jinnah Colony Yard	Clifton, Karachi	1,233
Open plot for KE Officers Club	Phase VIII, DHA, Karachi	6,000
Open plot in Taiser Town Sector-45 for substation	Taiser Town, Karachi	1,540
Open plot in Baldia Town Scheme-29 for substation	Baldia, Karachi	750
Open plot in Hawksbay Scheme-42 for substation	Hawksbay Scheme-42, Karachi	680
Open plot in Lyari Qtrs Old Kalri for substation	Lyari, Karachi	280
Open plot in SITE (Pump House)	S.I.T.E., Karachi	725
Open plot in SUR-78 DEH Thoming for Grid Station	Scheme - 33, Karachi	7,623
Open plot in Deh Halkani, Mangopir for Grid Station	Mangopir, Karachi.	9,680
Open plot in Pir Gul Hassan Town Phase 2, Ring Road 91-92, Scheme 33 for Grid Station	Scheme 33, Karachi	8,249
Open plot in Army Directorate Housing Scheme Askari-V, Malir Cantt for Grid Station	Malir Cantt Karachi	9,680
Open plot in Deh Lal Bakhar Dist Kemari, 40 Acres from NC-255 for Grid Station	Lal Bakhar Dist Kemari	193,600
<b>Offices</b>		
KE Head Office	Gizri, DHA, Karachi	19,405
Elander Road	Elander Road, Karachi	22,091
AL-Mava	P.E.C.H.S., Karachi	2,000
Other Offices	Various areas in Karachi	9,810
<b>Residential Colonies</b>		
Gulshan-e-Hadeed	Bin Qasim, Karachi	121,000
Korangi	Korangi, Karachi	1,200
<b>Grid Stations / IBCs / substations / stores</b>	Various areas in Karachi	1,223,649

#### 5.4 Capital work-in-progress

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

	Plant and machinery	Transmission grid equipments / lines	Distribution network / renewals of mains and services	Others	2022	2021
	(Rupees in '000)					
Balance at beginning of the year	67,231,779	23,112,544	29,552,623	5,984,099	125,881,045	75,849,191
Additions during the year (note 5.4.1)	25,981,030	12,078,015	24,080,745	646,299	62,786,089	80,883,379
	93,212,809	35,190,559	53,633,368	6,630,398	188,667,134	156,732,570
Transfers to operating fixed assets and intangible assets (notes 5.1 and 6.1)	(5,252,525)	(7,416,516)	(23,563,671)	(759,785)	(36,992,497)	(30,851,525)
Balance at end of the year	87,960,284	27,774,043	30,069,697	5,870,613	151,674,637	125,881,045

5.4.1 These include borrowing cost capitalised during the year amounting to Rs. 11,523 million (2021: Rs. 4,316 million).

	Note	2022	2021
------(Rupees in '000)-----			
<b>5.5 Right-of-use assets</b>			
<b>Cost</b>			
Opening balance		182,779	146,506
Additions during the year		103,032	40,106
Derecognition	5.5.6	(13,791)	(3,833)
		<u>272,020</u>	<u>182,779</u>
<b>Accumulated depreciation</b>			
Opening balance		(56,063)	(28,939)
Depreciation charge	39	(41,403)	(30,957)
Derecognition		13,791	3,833
		<u>(83,675)</u>	<u>(56,063)</u>
Net book value as at June 30		<u>188,345</u>	<u>126,716</u>

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

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

5.5.3 The Group also has certain leases of machinery with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases. The expense relating to short-term leases recognised in these consolidated financial statements amounting to Rs. 19.6 million (June 30, 2021: Rs. 24.6 million).

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

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

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

	Note	2022	2021
------(Rupees in '000)-----			
<b>6. INTANGIBLE ASSETS</b>			
<b>Computer software</b>			
Cost	6.1	2,259,979	1,885,007
Amortisation to date	6.2	(1,741,090)	(1,495,737)
		<u>518,889</u>	<u>389,270</u>
<b>6.1 Cost</b>			
Opening balance		1,885,007	1,643,058
Additions during the year	5.4	374,972	241,949
		<u>2,259,979</u>	<u>1,885,007</u>
<b>6.2 Amortisation to date</b>			
Opening balance		(1,495,737)	(1,330,236)
Amortisation during the year	38 & 39	(245,353)	(165,501)
		<u>(1,741,090)</u>	<u>(1,495,737)</u>
<b>Useful life</b>		<u>3 years</u>	<u>3 years</u>

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

	Note	2022	2021
		------(Rupees in '000)-----	
<b>7. INVESTMENT PROPERTY</b>			
<b>Leasehold land - at net book value</b>	7.2 & 7.3		
Cost		3,047,856	3,047,856
Accumulated depreciation	7.1	(121,914)	(60,957)
		<u>2,925,942</u>	<u>2,986,899</u>
<b>7.1 Accumulated depreciation</b>			
Opening balance		(60,957)	-
Depreciation charge	39	(60,957)	(60,957)
		<u>(121,914)</u>	<u>(60,957)</u>
<b>Useful life</b>		<u>50 years</u>	<u>50 years</u>
<b>Annual rate of depreciation (%)</b>		<u>2.00%</u>	<u>2.00%</u>

7.2 In the year 2016, the Holding 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 Holding 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 Holding Company.

7.3 The fair value of the land as at June 30, 2022, as assessed by an external valuer, amounts to Rs. 4,104 million (June 30, 2021: Rs. 3,888 million) (Level 2 inputs).

	Note	2022	2021
		------(Rupees in '000)-----	
<b>8. OTHER FINANCIAL ASSETS - AT AMORTISED COST</b>			
Investments in term deposit receipts	8.1	17,411,300	-
Less:			
Current maturity shown under current assets		(1,088,032)	-
		<u>16,323,268</u>	<u>-</u>

8.1 These represent term deposits aggregating to USD 84.99 million maintained with Dubai Islamic Bank Pakistan Limited (DIBPL). These carry profit at the rate of three months LIBOR and are due to mature in three month installments starting from November 3, 2022 and ending on August 3, 2034. These term deposits are part of the long term foreign exchange hedge arrangement as explained in note 22.11.

	Note	Secured		Unsecured	
		House building loans (note 9.1)	Festival loans (note 9.2)	2022	2021
		------(Rupees in '000)-----			
<b>9. LONG-TERM LOANS</b>					
<b>Considered good</b>					
Executives		-	36	36	36
Employees		83	12,322	12,405	15,412
		<u>83</u>	<u>12,358</u>	<u>12,441</u>	<u>15,448</u>
Recoverable within one year shown under current assets	13	(83)	(459)	(542)	(1,583)
		<u>-</u>	<u>11,899</u>	<u>11,899</u>	<u>13,865</u>

- 9.1 House building loans, carrying mark-up @ 6% (2021: 6%) per annum, are recoverable over a period of sixteen years. These are secured against equitable mortgage of related properties.
- 9.2 Festival loans are non-interest bearing loans. The Board of Directors of the Holding Company 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.
- 9.3 Long-term loans have not been discounted to their present values as the financial impact thereof is not considered to be material.

	2022	2021
	------(Rupees in '000)-----	
<b>10. LONG-TERM DEPOSITS</b>		
<b>Considered good</b>		
Rental premises and others	14,600	11,744
<b>Considered doubtful</b>		
Rental premises	1,020	1,020
Provision for impairment	(1,020)	(1,020)
	-	-
	<u>14,600</u>	<u>11,744</u>

	2022	2021
	------(Rupees in '000)-----	
<b>11. INVENTORIES</b>		
	Note	
High speed diesel (HSD)		796,320
Furnace oil		3,233,726
		<u>4,030,046</u>
Stores, spare parts and loose tools		14,362,377
Solar panels and other items		44,684
		<u>18,437,107</u>
Provision against slow moving and obsolete stores, spare parts and loose tools	11.1	(1,331,831)
		<u>17,105,276</u>
<b>11.1 Provision against slow moving and obsolete stores, spare parts and loose tools</b>		
Opening balance		1,113,368
Provision recognised during the year - net	38 & 39	218,463
		<u>1,331,831</u>
<b>12. TRADE DEBTS</b>		
<b>Considered good</b>		
Secured – against deposits from consumers	12.1	5,745,925
Unsecured		131,217,183
	12.2 & 12.3	<u>136,963,108</u>
<b>Considered doubtful</b>		100,619,034
		<u>237,582,142</u>
Provision for impairment against debts considered doubtful	12.5	(100,619,034)
		<u>136,963,108</u>

- 12.1 The Group maintains deposits from consumers, taken as a security for energy dues (note 24).

- 12.2 These balances do not include any Late Payment Surcharge (LPS) on receivables from public sector consumers, as fully explained in note 33.1.1, on the contention that due to the circular debt situation, the LPS should only be received by the Holding Company from its public sector consumers, if any surcharge is levied on the Holding Company on account of delayed payments of its public sector liabilities.

As at June 30, 2022, receivable from government and autonomous bodies amounting to Rs. 48,309 million (2021: Rs. 51,396 million) includes unrecognised LPS of Rs. 9,571 million (2021: Rs.9,079 million); which includes receivable from Karachi Water and Sewerage Board (KW&SB) amounting to Rs.32,848 million including unrecognised LPS of Rs. 5,076 million (2021: Rs. 32,240 million including unrecognised LPS of Rs. 4,686 million) and receivable from City District Government Karachi (CDGK) amounting to Rs.8,449 million including unrecognised LPS of Rs.1,926 million (2021: Rs. 11,609 million including unrecognised LPS of Rs. 1,873 million).

Upto June 30, 2022, adjustment orders amounting to Rs. 12,434 million (2021: Rs. 12,434 million) have been received from the Government of Sindh (GoS) whereby the Holding Company's liability on account of electricity duty has been adjusted against the KW&SB dues.

- 12.3 This include receivable from consumers of the Holding Company in relation to Fuel Surcharge Adjustment amounting to Rs. 45,676 million (June 30, 2021: Rs. 7,080 million) which is recoverable post determination from NEPRA.
- 12.4 Ministry of Energy (Power Division) issued a corrigendum dated January 22, 2020, whereby, in accordance with GoP's uniform tariff policy, the Holding 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 Holding Company to charge determined tariff as per SRO 575(I)/2019 dated May 22, 2019 instead of applying corrigendum. Being aggrieved, the Holding 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. Further, on March 17, 2022, the SCP dismissed the petitions.

The Holding Company, based on the views of its external counsel, understands that when an appeal is simply dismissed, the Judgment of the lower court is upheld. In such a case, the Judgment of the High Court would be back in the field and the Holding Company would be entitled to recover a portion of the amount from its consumers whereas, a claim for the remaining amount would be made against the GoP as the High Court did not disallow such a claim. However, the written order of the Supreme Court is still awaited and further course of action will be decided after receipt of written order, including filing a review petition against the SCP order in exercise of the legal remedy available to the Holding Company.

	Note	2022	2021
		------(Rupees in '000)-----	
12.5 Provision for impairment			
Opening balance		97,746,537	101,500,529
Provision made during the year	12.6	19,332,806	15,743,291
		<u>117,079,343</u>	<u>117,243,820</u>
Write-off against provision during the year	12.5.1	(16,460,309)	(19,497,283)
		<u>100,619,034</u>	<u>97,746,537</u>

- 12.5.1 This includes write-off amounting to Rs. 14,489 million (2021: Rs. 16,040 million) to be claimed as tariff adjustment in accordance with the criteria prescribed by NEPRA as explained in note 35.2.
- 12.6 Impairment loss against trade debts pertaining to the Holding Company determined using the ECL model amounts to Rs. 19,330 million (2021: Rs. 15,743 million). Further, provision against public sector consumers recognised during the year amounted to Rs. 2.966 million (2021: Rs. 0.408 million), while provision relating to the subsidiaries amounted to Rs. 0.274 million.
- 12.7 Energy sales to and purchases from Karachi Nuclear Power Plant (KANUPP) are recorded on net basis.
- 12.8 The receivables from government and autonomous bodies have been disclosed in note 12.2 above, however, due to the nature of the Holding Company's operations and large number of related parties, the management considers it impracticable to disclose the particulars of trade receivable due from other related parties as required under the Fourth Schedule to the Companies Act, 2017.

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

	Note	2022 ------(Rupees in '000)-----	2021
<b>Neither past due nor impaired</b>			
Upto 30 days		80,890,775	43,343,369
<b>Past due but not impaired</b>			
30 days upto 6 months		7,035,285	6,835,042
6 months upto 1 year		9,484,961	7,806,387
1 - 2 years		10,507,139	12,271,097
2 - 3 years		7,938,205	9,955,160
3 - 4 years		6,243,181	8,136,889
Over 4 years		14,863,562	16,366,436
		<u>136,963,108</u>	<u>104,714,380</u>

### 13. LOANS AND ADVANCES

<b>Loans – secured</b>			
<b>Considered good</b>			
Current portion of long term loans	9	542	1,583
<b>Advances – unsecured</b>			
<b>Considered good</b>			
Employees	13.1	121,100	110,764
Suppliers		1,560,546	2,475,311
Advance against bid money		6,977	-
		<u>1,688,623</u>	<u>2,586,075</u>
<b>Considered doubtful</b>			
Suppliers		130,340	130,340
		<u>1,818,963</u>	<u>2,716,415</u>
Provision for impairment against advances considered doubtful	13.2	(130,340)	(130,340)
		<u>1,688,623</u>	<u>2,586,075</u>
		<u>1,689,165</u>	<u>2,587,658</u>

13.1 These are advances to employees for business related expenses.

13.2 There has been no change in the provision during the year.

### 14. DEPOSITS AND SHORT-TERM PREPAYMENTS

<b>Deposits</b>	14.1 & 14.2	6,215,025	3,828,283
<b>Prepayments</b>			
Rent		4,492	5,773
Insurance and others	14.3	1,838,234	172,145
		<u>1,842,726</u>	<u>177,918</u>
		<u>8,057,751</u>	<u>4,006,201</u>

14.1 These include Rs. 30 million (2021: Rs. 38 million), representing margins / security deposits held by commercial banks against guarantees, letters of credit and other payments.

14.2 These include Rs. 5,850 million (2021: Rs. 3,542 million) representing deposits under lien against settlement of loans and sukuk repayments with commercial banks. These carry mark-up ranging from 8.00% to 13.06% (2021: 5.93 % to 6.13%) per annum.

14.3 This includes transaction cost paid in respect of loan amount of Sinosure and Hermes supported facility amounting to Rs 1,588 million (June 30, 2021: Rs. Nil) which is not yet drawn.

15. OTHER RECEIVABLES	Note	2022 ------(Rupees in '000)-----	2021
Due from the Government of Pakistan (GoP) and Government of Balochistan (GoB) - net:			
- Tariff adjustment		355,338,042	266,875,046
- Sales tax - net		19,062,320	7,365,241
- Interest receivable from GoP on demand finance liabilities		237,173	237,173
- Others		5,864,080	464,001
	15.1 & 15.2	380,501,615	274,477,460
Others		211,164	32,519
		380,712,779	274,973,980
Provision for impairment	15.1	(5,514,731)	-
		375,198,048	274,973,980

15.1 This includes:

- Rs. 51,637 million recorded as claims for write off of trade debts. The claims submitted by the Holding Company for the years ended June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020 and June 30, 2021 aggregating to Rs. 37,148 million have been pending for determination by NEPRA for which NEPRA through its letters dated December 31, 2019, March 10, 2021, March 30, 2022 and June 8, 2022 stated that further deliberation is required in respect of the above-mentioned claims before these can be allowed as an adjustment in tariff. Further, provisional claim amounting to Rs. 15,000 million pertaining to year ended June 30, 2022 has been submitted which is also pending for determination by NEPRA.

The claim for the year ended June 30, 2022 will be actualised to Rs. 14,489 million after the approval of these consolidated financial statements by the Board of Directors of the Holding Company.

- Rs. 6,037 million (2021: 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 Holding 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 Holding Company and NEPRA may take 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 Holding 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 Holding 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 Holding 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 Holding 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.

- Subsidy receivable of Rs. 677 million (2021: 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 Holding Company and that it was only for Quetta Electric Supply Company Limited that supplied electricity in similar areas.

The Holding 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 Holding Company from the relevant consumers in the event the subsidy claim is not honoured and recovered from the Government.

- Gas load management plan differential amounting to Rs. 2,618 million (2021: Rs. 2,618 million), outstanding tariff differential claims pertaining to the period January 2014 to December 2014 amounting to Rs. 12,672 million (2021: Rs. 12,672 million) and outstanding industrial support package adjustment amounting to Rs. 34,529 million (2021: 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 Holding 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 Holding Company from GoP. Further, this includes tariff variations pending determination by NEPRA, accrued in accordance with the MYT decision.

The Holding Company on a prudent basis has recognised provision amounting to Rs. 5,515 million during the year.

15.2 These include receivable from following related parties:

	Note	2022 ------(Rupees in '000)-----	2021
CPPA / NTDC	15.2.1	464,001	464,001
Pakistan Post Office	15.2.1 & 15.2.2	5,400,079	-
		<u>5,864,080</u>	<u>464,001</u>

15.2.1 These represent the maximum aggregate amount due from the aforementioned related parties at the end of any month during the year.

15.2.2 This represents receivable from Pakistan Post Office on account of collections from consumers not yet transferred to the Holding Company.

15.2.3 Age analysis of other receivables from related parties:

	June 30, 2022			Total
	Upto 6 months	7 to 12 months	More than 12 months	
	------(Rupees in '000)-----			
CPPA / NTDC	-	-	464,001	464,001
Pakistan Post Office	5,400,079	-	-	5,400,079
	<u>5,400,079</u>	<u>-</u>	<u>464,001</u>	<u>5,864,080</u>

	Note	2022 ------(Rupees in '000)-----	2021
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## 16. DERIVATIVE FINANCIAL ASSETS

Cross currency swap	16.1 & 16.2	<u>8,033,631</u>	<u>3,276,351</u>
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16.1 The Holding Company has entered into multiple cross currency swap arrangements with commercial banks in connection with foreign currency borrowings as disclosed in notes 22.1, 22.2, 22.4, 22.5 and 22.6. Pursuant to the agreements, the Holding Company's foreign currency borrowings up to USD 239.33 million (2021: USD 116.96 million) and EUR 24.92 million (2021: EUR 32.04 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 0.80%.

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

	Note	2022 ------(Rupees in '000)-----	2021
<b>17. CASH AND BANK BALANCES</b>			
Cash in hand		45,122	39,256
Cash with:			
Conventional banks:			
- Current accounts		194,251	263,942
- Deposit accounts	17.1	391,078	160,349
- Collection accounts		1,874,579	1,974,532
		2,459,908	2,398,823
Islamic banks:			
- Current accounts		90,738	7,013
- Deposit accounts	17.1	27,614	38,206
- Collection accounts		276,091	68,335
		394,443	113,554
		2,899,473	2,551,633

17.1 These carry mark-up at rates ranging from 2.97% to 13.05% (2021: 2.84% to 6.28%) per annum.

#### 18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022	2021		Note	2022 ------(Rupees in '000)-----	2021
		<b>Authorised share capital</b>			
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
<u>35,714,285,714</u>	<u>35,714,285,714</u>			<u>125,000,000</u>	<u>125,000,000</u>
		<b>Issued, subscribed and paid-up capital</b>			
		Issued for cash			
14,493,490,368	14,493,490,368	Ordinary shares of Rs. 3.5 each fully paid	18.2 & 18.3	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	18.4 to 18.8	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	Transaction costs on issuance of shares		45,925,964	45,925,964
<u>27,615,194,246</u>	<u>27,615,194,246</u>		18.1	<u>96,261,551</u>	<u>96,261,551</u>

- 18.1 KES Power Limited (the Holding Company of Group) held 18,335,542,678 ordinary shares as at June 30, 2022 (2021: 18,335,542,678) i.e. 66.40% of the Holding Company's issued, subscribed and paid up capital.
- 18.2 The shareholders of the Holding Company, by way of a special resolution passed in the Extra Ordinary General Meeting (EOGM) of the Holding 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 Holding 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 Holding Company.
- 18.3 During the year ended June 30, 2013, the Holding Company converted its redeemable preference shares into ordinary shares of the Holding 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 Holding Company became the holder of three ordinary shares for every four redeemable preference shares held. Consequently, the Holding 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.
- 18.4 During the year ended June 30, 1999, the Holding 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.
- 18.5 During the year ended June 30, 2002, the shareholders of the Holding Company, by way of a special resolution, passed in the Annual General Meeting (AGM) of the Holding Company, finalised the conversion of the Holding Company's debt servicing liabilities, aggregating Rs. 17,835 million, into equity. As a result, the Holding 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.
- 18.6 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 Holding Company be converted into equity. Accordingly, loans aggregating to Rs. 65,341 million were converted into equity of GoP in the Holding Company.
- 18.7 The shareholders of the Holding Company, by way of a special resolution passed in the AGM of the Holding 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 Holding 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.
- 18.8 The shareholders of the Holding Company, by way of a special resolution passed in the EOGM held on May 27, 2002, resolved the reduction of share capital of the Holding Company, subsequent to the completion of the conversion of GoP and GoP guaranteed loans of Rs. 65,341 million into equity (note 18.6). The paid-up capital, which was lost or not represented by assets of the Holding Company, to the extent of Rs. 6.50 per share on each of the issued ordinary shares of the Holding 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 Holding Company by Rs. 6.50 per share. The Board of Directors of the Holding 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 Holding Company. Accordingly, the reduction in share capital of Rs. 57,202 million was adjusted against the accumulated losses of the Holding Company.

- 18.9 Profits earned by the Holding Company since 2009 have all been reinvested into the Holding Company's business taking into account the capital expenditure requirements, the Holding 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, 2022 (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	2022 ------(Rupees in '000)-----	2021
Shareholders' equity in the statement of financial position		250,171,718	223,951,516
Surplus on revaluation of property, plant and equipment - net	20	(69,713,296)	(55,932,669)
		180,458,422	168,018,847
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	20	(28,474,445)	(22,845,738)
Adjusted Invested Equity (excluding impact of accumulated losses up to June 30, 2011 and surplus on revaluation of property, plant and equipment)		231,848,638	225,037,770
The Adjusted Invested Equity is summarised below:			
Issued, subscribed and paid up capital	18	96,261,551	96,261,551
Capital reserves excluding surplus on revaluation of property, plant and equipment - net of tax	19	2,009,172	2,009,172
General reserves		5,372,356	5,372,356
Profits available for distribution reinvested in the Holding Company (Total comprehensive income for the year excluding the impact of deferred tax asset and incremental depreciation):			
- FY 2012 to FY 2021		147,131,094	147,131,094
- FY 2022		6,810,868	-
		153,941,962	147,131,094
		257,585,041	250,774,173
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)		231,848,638	225,037,770
<b>19. SHARE PREMIUM AND OTHER RESERVES</b>			
Share premium	18.3	1,500,000	1,500,000
Others	19.1	509,172	509,172
		2,009,172	2,009,172
<b>19.1 Others</b>			
Unclaimed fractional bonus shares money	19.1.1	46	46
Workmen compensation reserve	19.1.2	700	700
Third party liability reserve	19.1.3	300	300
Fire and machinery breakdown insurance reserve	19.1.4	508,126	508,126
		509,172	509,172
<b>19.1.1 Unclaimed fractional bonus shares money</b>			

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

### 19.1.2 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.

### 19.1.3 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 Holding Company is determined by the court.

### 19.1.4 Fire and machinery breakdown insurance reserve

The Holding 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 Holding 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.

## 20. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

This represents revaluation surplus relating to leasehold land, plant and machinery and transmission grid equipment (notes 5.1.3 and 5.1.4). The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

	Note	2022 ------(Rupees in '000)-----	2021
Balance as at the beginning of the year		78,778,407	83,425,826
Transferred to unappropriated profit in respect of incremental depreciation charged / disposals during the year, net of deferred tax		(3,995,363)	(4,709,845)
Related deferred tax liability		(1,631,909)	(1,923,740)
Revaluation surplus arising during the year	5.1.3	25,036,606	1,986,166
		19,409,334	(4,647,419)
		98,187,741	78,778,407
Less: Related deferred tax liability on:			
- Revaluation at the beginning of the year		(22,845,738)	(24,193,490)
- Revaluation surplus arising during the year	27.1	(7,260,616)	(575,988)
- Incremental depreciation charged / disposals during the year		1,631,909	1,923,740
		(28,474,445)	(22,845,738)
		69,713,296	55,932,669
<b>21. LONG-TERM DIMINISHING MUSHARAKA</b>			
KE Sukuk of Rs. 22,000 million	21.1	-	4,384,851
KE Sukuk of Rs. 25,000 million	21.2	24,827,900	24,778,804
		24,827,900	29,163,655
Less: Current maturity shown under current liabilities		(3,750,000)	(4,400,000)
		21,077,900	24,763,655

- 21.1 During the year ended June 30, 2015, the Holding Company had 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 Holding 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 carried profit at the rate of 3 months KIBOR + 1% with quarterly rental payments. These certificates were issued for a tenure of seven years, which have matured and fully repaid on June 17, 2022.
- 21.2 This represents amount outstanding (net of transaction cost) against 5 million KE Sukuk certificates, issued by the Holding Company during the year ended June 30, 2021, having face value of Rs. 5,000 each aggregating to Rs. 25,000 million. 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 Holding 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 Holding 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 Holding Company. The overall arrangement has been accounted for in these financial statements on the basis of substance of the transaction.

This Sukuk is secured against fixed assets located at certain grid stations (excluding any immovable properties), hypothecation charge over specific collections accounts & deposits and lien on specific accounts and deposits by way of first pari passu charge.

	Note	2022 ------(Rupees in '000)-----	2021
<b>22. LONG-TERM FINANCING</b>			
<b>From banking companies and financial institutions - secured</b>			
<b>Conventional:</b>			
Hermes financing facility - 1	22.1 & 22.9	5,328,584	6,000,731
Sinosure financing facility - 1	22.2 & 22.9	13,917,588	13,493,255
Syndicate Term Finance facility	22.3 & 22.9	8,407,579	10,976,322
GuarantCo. financing facility	22.4 & 22.9	6,448,817	7,809,046
Hermes financing facility - 2	22.5 & 22.9	19,661,086	-
Sinosure financing facility - 2	22.6 & 22.9	40,958,609	-
Local Project Finance facility	22.7 & 22.9	12,246,785	-
Corporate Syndicate facility	22.8 & 22.9	16,823,337	-
Salary refinance scheme	22.10	-	750,000
		123,792,385	39,029,354
<b>With Islamic banks:</b>			
Syndicate Term Finance facility	22.3 & 22.9	6,825,000	8,925,000
Local Project Finance Facility	22.7 & 22.9	1,432,278	-
Corporate Syndicate Facility	22.8 & 22.9	1,967,513	-
Musharaka Loan	22.11	16,504,844	-
		150,522,020	47,954,354
<b>Less:</b>			
Current maturity shown under current liabilities		(19,861,731)	(12,303,651)
		130,660,289	35,650,703
<b>Others</b>			
Due to oil and gas companies		610	610
Current maturity shown under current liabilities		(610)	(610)
		-	-
<b>Unsecured</b>			
GoP loan for the electrification of Hub area	22.12	26,000	26,000
Current maturity shown under current liabilities		(26,000)	(26,000)
		-	-
		130,660,289	35,650,703

- 22.1 This represents Pakistan Rupee equivalent outstanding balance of EUR 24.922 million (2021: EUR 32.04 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 Holding Company has executed cross currency swaps with commercial banks to hedge the Holding Company's foreign currency principal payment obligations under the facility.
- 22.2 This represents Pakistan Rupee equivalent (net of transaction cost) outstanding balance of USD 71.527 million (2021: US 91.96 million) disbursed under Sinasure supported facility agreement entered into on December 22, 2015 amounting to USD 91.5 million, with a syndicate of foreign commercial lenders. In November 2020, 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 Holding Company has executed cross currency swaps with commercial banks to hedge the Holding Company's foreign currency principal payment obligations under the facility.
- 22.3 This represents outstanding balance (net of transaction cost) against Syndicate Term Finance Facility of Rs. 23.5 billion entered into on November 6, 2018 with a syndicate of local commercial banks. The loan is being 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.
- 22.4 This represents Pakistan Rupee equivalent (net of transaction cost) outstanding balance of USD 17.857 million against disbursed under GuarantCo. supported facility agreement entered into on August 22, 2019, with Standard Chartered Bank, London Branch. This also represents outstanding balance of 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 Holding Company has executed cross currency swap with a commercial bank to hedge the Holding Company's foreign currency principal payment obligation under the USD facility.
- 22.5 This represents Pakistan Rupee equivalent (net of transaction cost) outstanding balance of USD 115.15 million disbursed under Hermes supported facility agreement entered into on August 10, 2021 for USD 123.23 million, with a syndicate of foreign commercial lenders. The loan is being utilised to fund BQPS-III combined cycle power plant and associated transmission projects of the Holding Company. The loan carries mark-up at 3 month LIBOR + 1.35% per annum. The loan is to be settled in 48 quarterly instalments as per the terms of the agreement commencing from February 3, 2023 with final repayment due on August 3, 2034. The Holding Company has executed cross currency swaps with commercial banks to hedge the Holding Company's foreign currency principal obligations under the facility.
- 22.6 This represents Pakistan Rupee equivalent (net of transaction cost) outstanding balance of USD 219.33 million disbursed under Sinasure supported facility agreement entered into on September 3, 2021 for USD 291.1 million, with a syndicate of foreign commercial lenders. The loan is being utilised to fund BQPS-III combined cycle power plant and associated transmission projects of the Holding Company. The loan carries mark-up at 3 month LIBOR + 2.90% per annum. The loan is to be settled in 48 quarterly instalments as per the terms of the agreement commencing from November 3, 2022 with final repayment due on August 3, 2034. The Holding Company has executed cross currency swaps amounting to USD 34.8 million with a commercial bank to hedge the Holding Company's foreign currency principal obligations under the facility. The Holding Company has also entered into a Shariah Compliant Long Term Foreign Exchange Hedge Arrangement for an amount of USD 84.99 million which is further explained in note 8 and 22.11.
- 22.7 This represents amount outstanding (net of transaction cost) under Syndicate Term Finance Facility entered into on November 24, 2021 with a syndicate of local commercial lenders for an amount of Rs. 13,904 million. The proceeds of the loan have been partially utilised to settle the bridge facility referred in note 30.4 and remaining proceeds have been utilised to fund BQPS-III combined cycle power plant and associated transmission projects of the Holding Company. The loan carries mark-up at 3 month KIBOR + 2.25% per annum. The loan is to be settled in 48 quarterly instalments commencing earlier of (i) within three months after the commercial operation date of the BQPS III Project or (ii) expiry of two years from facility effective date i.e December 30, 2021.

- 22.8 This represents amount outstanding (net of transaction cost) under Corporate Term Finance Facility entered into on November 24, 2021 with a syndicate of local commercial lenders for an amount of Rs. 19,096 million. The proceeds of the loan have been partially utilized to settle the bridge facility referred in note 30.4 and remaining proceeds are to be utilized for meeting permanent working capital requirements in relation to BQPS-III combined cycle power plant and associated transmission projects of the Holding Company. The loan carries mark-up at 3 month KIBOR + 2.15% per annum. The loan is to be settled in 40 quarterly instalments commencing earlier of (i) within three months after the commercial operation date of the BQPS III Project or (ii) expiry of two years from facility effective date i.e December 30, 2021.
- 22.9 The above facilities, stated in notes 22.1 to 22.8, 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 Holding Company, not exceeding fifteen percent (15%) of the aggregate value, wheresoever located;
  - hypothecation charge over specific consumers' receivables and specific collection accounts;
  - lien on specific accounts and deposits by way of first pari passu charge.
- 22.10 During the year, the Holding Company has repaid the entire outstanding loan balance of Rs. 750 million against loan of Rs. 1,000 million which was obtained from Bank Al-Falah Limited under the State Bank of Pakistan (SBP) Salary refinance scheme to partially finance employee payroll for the months of July, August and September 2020. The loan carried subsidised mark-up of 0.45% per annum payable in arrears on quarterly basis and the principal amount was to be settled in 8 quarterly installments.
- 22.11 This represents outstanding balance in relation to the Shariah compliant long term foreign exchange hedge arrangement availed from Dubai Islamic Bank Pakistan Limited (DIBPL) which has been structured on a diminishing musharaka mode and has been utilized to hedge the currency risk arising under a tranche of Sinosure Supported Financing Facility as referred in note no. 22.6. This hedging arrangement involves payment of profit at the rate of 3 months KIBOR + 1.20% per annum and is structured in a way that its repayment dates fall in line with Sinosure financing facility - 2. This hedging arrangement has been secured against a ranking hypothecation charge over current assets and a lien and right of set off over the Term Deposit Receipt maintained with DIBPL as referred to in note 8.1.
- 22.12 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 Holding Company is in the process of settlement of this loan.
- 22.13 These include foreign currency facilities subject to Inter-bank Offer Rate (IBOR) reforms which are not expected to significantly impact the Holding Company's current risk management strategy and possibly accounting for certain financial instruments. The transition from LIBOR to Secure Overnight Financing Rate (SOFR) is expected to be completed by mid of 2023.

	Note	2022 ------(Rupees in '000)-----	2021
<b>23. LEASE LIABILITIES</b>			
Lease liabilities		197,451	132,065
Less: Current maturity shown under current liabilities	23.1	(32,750)	(31,723)
		<u>164,701</u>	<u>100,342</u>

23.1 The maturity analysis of lease liabilities is as follows:

	Future minimum lease payments	Interest (Rupees in '000)	Present value of future minimum lease payments
Less than one year	52,605	19,855	32,750
Between one and five years	161,339	59,395	101,944
More than five years	75,174	12,417	62,757
	<u>289,118</u>	<u>91,667</u>	<u>197,451</u>

23.2 The cash outflow in respect of lease payments for the year ended June 30, 2022 is Rs. 53.8 million (2021: Rs. 45.2 million).

#### 24. 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 Holding Company in accordance with the requirements of written agreements and in terms of section 217 of the Companies Act, 2017.

	Note	2022 ------(Rupees in '000)-----	2021
<b>25. EMPLOYEE RETIREMENT BENEFITS</b>			
Gratuity	25.1.1	3,570,242	2,887,666
Post retirement medical benefits	25.1.1	839,384	711,886
Post retirement electricity benefits	25.1.1	410,444	403,308
Accumulating leave payable	25.1.14	672,609	714,274
		<u>5,492,679</u>	<u>4,717,134</u>

#### 25.1 Actuarial valuations of retirement benefits

The latest actuarial valuations were carried out as at June 30, 2022, using the "Projected Unit Credit Method", details of which are presented in notes 25.1.1 to 25.1.14.

	Gratuity		Medical benefits		Electricity benefits	
	2022	2021	2022	2021	2022	2021
	------(Rupees in '000)-----					
<b>25.1.1 Net recognised liability</b>						
Net liability at the beginning of the year	2,887,666	3,514,367	711,886	633,450	403,308	399,904
Expense recognised in profit or loss	912,150	835,598	102,542	92,058	88,739	96,880
Contributions / Benefits paid during the year	(206,529)	(1,533,444)	(111,756)	(107,050)	(79,719)	(91,177)
Remeasurement recognised in other comprehensive income	(23,045)	71,145	136,712	93,428	(1,884)	(2,299)
Net liability at the end of the year	<u>3,570,242</u>	<u>2,887,666</u>	<u>839,384</u>	<u>711,886</u>	<u>410,444</u>	<u>403,308</u>

	Gratuity		Medical benefits		Electricity benefits	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
<b>25.1.2 Expense recognised in profit or loss</b>						
Current service cost	636,495	602,049	24,979	22,136	14,085	13,718
Past service, termination and settlement cost	-	-	14,287	21,994	44,938	58,186
Net interest	275,655	233,549	63,276	47,928	29,716	24,976
Chargeable in profit or loss	<u>912,150</u>	<u>835,598</u>	<u>102,542</u>	<u>92,058</u>	<u>88,739</u>	<u>96,880</u>
<b>25.1.3 Remeasurement loss / (gain) recognised in other comprehensive income</b>						
Remeasurement due to change in demographic assumptions:						
- experience adjustment	(59,064)	169,121	136,712	93,428	(1,884)	(2,299)
- return on investment	36,019	(97,976)	-	-	-	-
Recognised in other comprehensive income	<u>(23,045)</u>	<u>71,145</u>	<u>136,712</u>	<u>93,428</u>	<u>(1,884)</u>	<u>(2,299)</u>
<b>25.1.4 Reconciliation of liability / (asset) as at reporting date</b>						
Present value of defined benefit obligation	6,572,330	6,459,128	839,384	711,886	410,444	403,308
Fair value of plan assets	(3,002,088)	(3,571,462)	-	-	-	-
Net liability at end of the year	<u>3,570,242</u>	<u>2,887,666</u>	<u>839,384</u>	<u>711,886</u>	<u>410,444</u>	<u>403,308</u>
<b>25.1.5 Movement in present value of defined benefit obligations</b>						
Balance at the beginning of the year	6,459,128	6,174,367	711,886	633,450	403,308	399,904
Current service cost	636,495	602,049	24,979	22,136	14,085	13,718
Past service cost	-	-	14,287	21,994	44,938	58,186
Interest cost	587,398	483,596	63,276	47,928	29,716	24,976
Remeasurements: Actuarial (gain) / loss	(59,064)	169,121	136,712	93,428	(1,884)	(2,299)
Benefits paid	(1,051,627)	(970,005)	(111,756)	(107,050)	(79,719)	(91,177)
Balance at the end of the year	<u>6,572,330</u>	<u>6,459,128</u>	<u>839,384</u>	<u>711,886</u>	<u>410,444</u>	<u>403,308</u>
<b>25.1.6 Movement in fair value of plan assets</b>						
Balance at the beginning of the year	3,571,462	2,660,000				
Interest income	311,743	250,047				
Remeasurements: Actuarial gain / (loss)	(36,019)	97,976				
Contributions made	206,529	1,533,444				
Benefits paid	(1,051,627)	(970,005)				
Balance at the end of the year	<u>3,002,088</u>	<u>3,571,462</u>				
<b>25.1.7 Plan assets comprise of:</b>						
Bank deposits	401,684	421,407				
Corporate bonds	409,244	335,921				
Mutual funds	1,348,583	1,403,995				
Government bonds	1,193,620	1,769,442				
Benefits due	(351,043)	(359,303)				
	<u>3,002,088</u>	<u>3,571,462</u>				

## 25.1.8 Principal actuarial assumptions used in the actuarial valuation:

Financial assumptions	2022	2021
Discount rate	13.00%	9.90%
Salary increase	10.75%	7.80%
Electricity tariff increase	7.75%	4.70%
Medical cost trend	7.75%	4.70%
Demographic assumptions		
Expected mortality rate	70% of the EFU (61-66)	70% of the EFU (61-66)
Expected withdrawal rate	Moderate	Moderate

## 25.1.9 The plans expose the Holding 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.

## 25.1.10 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, 2022 actuarial valuation:

	June 30, 2022	
	1% increase	1% decrease
	----- (Rupees in '000) -----	
Discount rate	(562,622)	650,336
Salary increase	565,989	(495,782)
Electricity tariff increase	26,097	(23,387)
Medical cost trend	68,808	(61,098)

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.

### 25.1.11 Maturity profile

Projected payments during the following years is as follows:

	Gratuity	Medical benefits	Electricity benefits
	(Rupees in '000)		
Benefit payments:			
FY 2023	477,896	67,081	28,433
FY 2024	835,053	73,226	30,412
FY 2025	904,162	78,856	36,193
FY 2026	971,404	85,446	37,538
FY 2027	933,233	94,741	46,618
FY 2028-32	5,308,273	573,247	292,160

### 25.1.12 Plan duration

	Gratuity	Medical benefits	Electricity benefits
	Years		
June 30, 2022	9.2	8.8	8.3
June 30, 2021	8.9	8.7	7.9

25.1.13 Based on the actuarial advice, the Holding Company is to charge approximately Rs. 1,031 million, Rs. 132 million and Rs. 57 million in respect of gratuity, medical benefits and electrical benefits schemes, respectively, during the year ending June 30, 2023.

### 25.1.14 Accumulating leaves

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

	Note	2022	2021
		----- (Rupees in '000) -----	
<b>26. DEFERRED REVENUE</b>			
Balance at beginning of the year		27,697,647	24,814,138
Recoveries from customers during the year	26.1	5,288,658	5,076,643
		32,986,305	29,890,781
Amortisation for the year	41	(2,405,777)	(2,193,134)
		30,580,528	27,697,647

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

## 27. DEFERRED TAXATION

27.1 The deferred tax balance as at June 30, 2022 comprise of the following:

	Balance as at July 1, 2020	Recognised in profit or loss	Recognised in OCI	Balance as at June 30, 2021	Recognised in profit or loss	Recognised in OCI	Balance as at June 30, 2022
----- (Rupees in '000) -----							
Deferred tax liability on:							
Accelerated tax depreciation							
	(33,928,465)	(2,983,518)	-	(36,911,983)	(1,951,579)	-	(38,863,562)
Surplus on revaluation of property, plant and equipment							
	(24,193,490)	1,923,740	(575,988)	(22,845,738)	1,631,909	(7,260,616)	(28,474,445)
	(58,121,955)	(1,059,778)	(575,988)	(59,757,721)	(319,670)	(7,260,616)	(67,338,007)
Deferred tax asset on:							
Available tax losses and minimum tax carried forward							
	28,168,353	2,423,600	-	30,591,953	6,727,403	-	37,319,356
Provision for gratuity and compensated absences							
	1,563,169	(201,785)	47,059	1,408,443	208,321	32,417	1,649,181
Others							
	28,390,433	(633,108)	-	27,757,325	640,013	-	28,397,338
	58,121,955	1,588,707	47,059	59,757,721	7,575,737	32,417	67,365,875
	-	528,929	(528,929)	-	7,256,067	(7,228,199)	27,868

27.2 As at June 30, 2022, the Group has aggregated deferred tax debits amounting to Rs. 196,864 million (2021: Rs. 149,538 million) out of which deferred tax asset amounting to Rs. 67,366 million (2021: Rs. 59,758 million) has been recognised and remaining balance of Rs. 129,498 million (2021: Rs. 89,780 million) remains unrecognised. As at year end, the Group's carried forward tax losses amounted to Rs. 575,138 million (2021: Rs. 415,076 million), out of which business losses amounting Rs. 314,702 million (2021: Rs. 177,710) have expiry period till financial year 2028.

	Note	2022	2021
----- (Rupees in '000) -----			
<b>28. TRADE AND OTHER PAYABLES</b>			
<b>Trade creditors</b>			
Power purchases		306,689,269	234,486,600
Fuel and gas		49,490,805	21,166,153
Others		22,891,168	41,961,425
	28.1	379,071,242	297,614,178
<b>Accrued expenses</b>			
	28.2	5,658,538	6,131,052
<b>Contract liabilities</b>			
Energy	28.3	1,375,167	1,176,428
Others	28.4	3,796,116	3,062,466
		5,171,283	4,238,894
<b>Other liabilities</b>			
Employee related dues		227,599	207,806
Payable to provident fund		96,045	92,636
Electricity duty	28.5	15,385,507	11,238,500
Tax deducted at source	28.5	1,781,145	1,954,903
PTV license fee	28.5	93,650	162,289
Workers' profits participation fund	28.6	3,484,674	3,769,853
Workers' welfare fund	28.7	944,391	944,391
Payable to the Managing Agent - PEA (Private) Limited		28,871	28,871
Others including clawback	33.1.2	27,380,856	27,477,317
		49,422,738	45,876,566
		439,323,801	353,860,690

28.1 These include payable to following related parties:

	2022	2021
	------(Rupees in '000)-----	
Central Power Purchasing Agency (Guarantee) Limited (CPPA)	290,370,514	226,794,171
Pakistan State Oil Company Limited	14,013,530	2,559,046
Sui Southern Gas Company Limited	34,083,799	18,603,489
Pakistan LNG Limited	1,389,857	-
BYCO Petroleum Pakistan Limited	3,619	3,619
	<u>339,861,319</u>	<u>247,960,325</u>

28.2 These include an aggregate amount of Rs. 1,750 million (2021: Rs. 1,219 million) representing outstanding claims / dues of property taxes, water charges, ground rent and occupancy value payable to various government authorities.

28.3 These represent amount due to the consumers on account of excess payments and revision of previous bills. During the year, the Holding Company has billed revenue amounting to Rs. 363 million in respect of amount due to consumers as at June 30, 2021.

28.4 These mainly include general deposits received from consumers in respect of meters, mains & lines alteration and scrap sales, etc. During the year, the Group has transferred amount of Rs. 259 million to deferred revenue in respect of these outstanding deposits as at June 30, 2021 upon completion of the related work.

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

28.6 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 Holding 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 Holding 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 (2021: Rs. 3,141 million) in respect of years 2012 to 2015 is being maintained by the Holding Company. Movement of provision during the year is as follows:

	Note	2022	2021
		------(Rupees in '000)-----	
Balance at beginning of the year		3,769,853	3,394,555
Provision recognised during the year	40	297,369	807,676
Payment made to the fund	28.6.1	(582,548)	(432,378)
Balance at end of the year		<u>3,484,674</u>	<u>3,769,853</u>

28.6.1 This represents payments made to the fund in respect of WPPF for the year ended June 30, 2021 (2021: June 30, 2019 & June 30, 2020).

28.7 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 Holding Company had received show cause notices for the years 2015 and 2016 from Sindh Revenue Board (SRB) for the payment of SWWF. The Holding 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 Holding Company.

			2022	2021
29.	ACCRUED MARK-UP	Note	------(Rupees in '000)-----	
	Mark-up on long-term financing		3,066,841	559,259
	Mark-up on borrowings relating to Financial Improvement Plans		15,357	15,357
	Mark-up on short-term borrowings		2,278,583	1,052,155
	Interest on consumer deposits	33.1.6	-	1,962,573
	Financial charges on delayed payment to suppliers	33.1.1	5,268,823	5,268,823
			<u>10,629,604</u>	<u>8,858,167</u>
30.	SHORT-TERM BORROWINGS			
	Secured:			
	From banking companies:			
	Bills payable			
	- Conventional	30.1 & 30.2	31,084,318	18,702,092
	- Shariah compliant	30.1 & 30.2	3,729,565	1,500,000
	Short-term running finances			
	- Conventional	30.1 & 30.3	39,302,744	32,835,438
	- Shariah compliant	30.1 & 30.3	5,418,825	5,515,000
	Bridge term finance facility			
	- Conventional	30.4	-	26,400,000
	- Shariah compliant	30.4	-	1,910,000
		30.7	<u>79,535,452</u>	<u>86,862,530</u>
	From others:			
	Privately placed sukuks			
	- Shariah compliant	30.5	28,000,000	-
	Islamic Commercial Paper			
	- Shariah compliant	30.6	-	20,160,667
			<u>107,535,452</u>	<u>107,023,197</u>

- 30.1 The total limit of various financing facilities available from banks aggregate to Rs. 94,925 million (2021: Rs. 76,718 million) out of which Rs. 15,390 million (2021: Rs. 18,165 million) remained unutilised as of reporting date.
- 30.2 These are payable to various commercial banks against non funded facilities availed in respect of payments made to fuel suppliers of the Holding Company and Independent Power Producers (IPPs). These are secured against current assets of the Holding Company.
- 30.3 The Holding 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 tenor KIBOR + 0.05% 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 Holding Company.
- 30.4 A bridge finance facility for an amount of Rs. 28,310 million was entered into on July 26, 2020 with local commercial banks for funding BQPS-III combined cycle power plant and associated transmission projects of the Holding Company. The facility carried mark-up at 3-month KIBOR + 2% per annum, payable in quarterly installments. The facility was repaid in December 2021 through proceeds of the facilities as referred in notes 22.7 and 22.8.
- 30.5 These represent six distinct privately placed and unsecured Sukuk certificates of 6 months' tenor amounting to Rs. 28 billion (issue size) in aggregate maturing from August 4, 2022 to October 27, 2022. These carry profit at 6 month KIBOR + 0.85% to 0.95% per annum.
- 30.6 During the year, the Holding Company made repayments of five distinct privately placed and unsecured Islamic Commercial Paper (ICP) of 6 months' tenor amounting to Rs. 20,500 million (face value) in aggregate.
- 30.7 These include borrowings from related parties amounting to Rs. 3,935 million (June 30, 2021: Rs. 3,953 million) relating to bills payables and Rs. 10,299 million (June 30, 2021: Rs. 3,484 million) relating to short-term running finances.

		2022	2021
	Note	------(Rupees in '000)-----	
<b>31. SHORT-TERM DEPOSITS</b>			
Service connection deposits	31.1	19,433,512	13,581,171
Suppliers' security deposits		77,226	33,249
Earnest / Retention money	31.2	6,501,274	5,757,698
		<u>26,012,012</u>	<u>19,372,118</u>

31.1 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 Holding Company. Upon completion of work, these deposits are transferred to deferred revenue (note 26).

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

		2022	2021
	Note	------(Rupees in '000)-----	
<b>32. PROVISION</b>			
Balance at beginning of the year		7,500	7,500
Provision made during the year		36,642	52,900
Payments made in respect of out of court settlements		(25,650)	(52,900)
Balance at end of the year	32.1	<u>18,492</u>	<u>7,500</u>

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

### 33. CONTINGENCIES AND COMMITMENTS

#### 33.1 Contingencies

33.1.1 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 consolidated 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 Holding Company. The Holding 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 KE's tariff differential claims directly to NTDC. Up to June 30, 2022, the MoF has released the Holding Company's tariff differential claims aggregating Rs. 465,891 million (June 30, 2021: Rs. 392,942 million) directly to NTDC / CPPA. Additionally, the Holding Company has also directly paid Rs. 67,167 million up to June 30, 2022 (June 30, 2021: Rs. 46,668 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.

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, 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, 2022 amounts to Rs. 113,720 million (June 30, 2021: Rs. 80,312 million) which is on the premise that while the outstanding amounts were to be adjusted against tariff differential claims, the Holding Company is eventually responsible for payments of all outstanding amounts, including mark-up. However, the Holding Company has not acknowledged the disputed mark-up claimed by NTDC / CPPA as debt, as the Holding 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 Holding 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 30, 2022 aggregates to Rs. 129,505 million (June 30, 2021: Rs. 109,341 million), which has not been accrued by the Holding Company. In view of the Holding 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 Holding 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 Holding 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 Holding 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 Holding Company. On October 7, 2019, the Court vacated a stay order dated December 3, 2012 granted in favour of SSGC which restrained the Holding Company from selling its immovable properties. Subsequently, SSGC had filed an appeal bearing HCA No. 353/2019 before the High Court of Sindh which is pending. Both these suits are pending adjudication to date.

Further, the Holding 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 Holding Company on supply of adequate gas by SSGC. The dispute of mark-up claim has also been mentioned in the payment plan. The Holding Company's management is of the view that the principal payments made by the Holding 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 Holding Company's view is not tenable.

The Holding Company had filed an application CMA No. 12178/2018 in pending Suit No. 1263/2011 (Suit filed by KW&SB) before the High Court of Sindh for payment of outstanding liability of approximately Rs. 27.5 billion by the Government of Sindh. After hearing the parties, the Court vide order dated November 18, 2021 allowed the application in favour of the Holding Company whereby, the Government of Sindh has been directed to pay the outstanding liability of KW&SB amounting to Rs. 27.5 billion to the Holding Company and accordingly submit a payment plan.

During the year, the Holding Company's already stretched working capital position was further strained mainly due to the significant increase in fuel prices and accumulation of balance of tariff differential claims. Further, SSGC is not supplying the minimum required quantity of indigenous gas as per the CCOE decision dated May 2, 2018 and directions of Honorable HCS dated April 17, 2018, resulting in higher fuel costs for the Holding Company in the form of RLNG. As a result, all the working capital lines of the Holding Company have been exhausted. The Holding Company had informed Ministry of Energy (Power Division) and other relevant authorities about the information and had requested for immediate steps for cash release of Tariff Differential Subsidy (TDS) to ease out the working capital, which has not been made to date and consequentially the Holding Company had to delay the current payments of SSGC bills for RLNG. SSGC, in response, has claimed markup on the delayed payments of RLNG amounting to Rs. 309 million for May 2022 and June 2022 which has not been accrued by the Holding Company on the grounds that the delay in payment is due to delay in receipt from public sector entities, and on the net principal basis the Holding Company is in a net receivable position. The Holding Company remains in continuous engagement with the Ministry of Energy (Power Division) requesting them to expedite the process of release of pending TDS to ease out working capital position and payment to fuel suppliers.

The Holding 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 Ministry of Finance (GOP) as well as delayed settlement of the Holding Company's energy dues by certain public sector consumers (e.g. KW&SB). This contention of the Holding Company's management is also supported by the legal advices that it has obtained. Hence, mark-up / financial charges on outstanding liabilities due to government-controlled entities will be payable by the Holding Company only when it will receive mark-up on outstanding receivable balances on account of tariff differential claims and energy dues of the Holding Company's 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 Holding 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 Holding Company and solely on the basis of abundance caution, a provision amounting to Rs. 5,269 million (June 30, 2021: Rs. 5,269 million) is being maintained by the Holding Company in these consolidated financial statements on account of mark-up on delayed payment.

- 33.1.2 The Multi Year Tariff (MYT) applicable to the Holding Company, for the previous tariff control period from 2009 to 2016, outlines a claw-back mechanism whereby the Holding Company is required to share a portion of its profits with consumers when such profits exceed the stipulated thresholds. NEPRA vide its determination 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 Holding Company is not in agreement with the interpretation and calculation of claw-back mechanism by NEPRA, and accordingly has filed suits before 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. The SHC vide multiple orders have suspended the operation of the impugned determinations passed by NEPRA. However, on June 19, 2015, in respect of suit for financial years 2012 and 2013, the High Court of Sindh (Single Bench) passed an order withdrawing the earlier relief granted to the Holding Company against implementation of NEPRA's order dated October 17, 2014, which was duly contested by the Holding Company through an appeal before the High Court of Sindh (Divisional Bench), whereby, the Divisional Bench of SHC suspended the order dated June 19, 2015 of the Single Bench and October 17, 2014 continuing to provide earlier interim relief granted to the Holding Company. The Appeal is still pending adjudication before the SHC. Further, in other suits filed in respect of financial years 2014 to 2016, the interim relief provided to the Holding Company against NEPRA's order for each year continues in the field whereby, the operations of NEPRA determinations is still suspended.

Considering the above proceedings and the expert opinion obtained by the Holding Company, the Holding Company's management believes that the Holding Company has reasonable prospects of success in the cases pending before the High Court of Sindh. Without prejudice to the Holding 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 Holding Company in this respect.

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

The Holding Company filed a review application with 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 Holding Company to charge meter rent from its consumers. The review application filed by the Holding Company with NEPRA was dismissed in April 2015. Thereafter, the Holding Company filed a constitutional petition before the High Court of Sindh, which is pending to date. Meanwhile, a stay has been granted to the Holding Company against any coercive action by NEPRA. The Holding Company's management in accordance with the advice of its external counsel believes that the Holding Company has a reasonable prospects of success in the above-mentioned constitutional petition. The Holding 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 Holding 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 Holding Company and NEPRA on the matter of meter rent with effect from July 1, 2016.

- 33.1.4 NEPRA through its order dated March 13, 2015 directed the Holding 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 Holding Company to refund the amount collected as bank charges to its consumers. The Holding 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 Holding 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 Holding Company in this regard.

The Holding 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 external counsel, the management believes that the Holding Company has reasonable prospects of success in this case. 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 Holding Company and NEPRA on the matter of bank charges with effect from July 1, 2016.

- 33.1.5 The Government of Pakistan promulgated GIDC Act 2011, GIDC Ordinance 2014 and GIDC Act 2015 for collection of Gas Infrastructure Development Cess (GIDC) 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 are liable to be refunded / adjusted in the future bills, therefore all amounts previously paid by the Holding 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 the Supreme Court of Pakistan to challenge the decision of the High Court of Peshawar. The Holding Company was impleaded as a party in the said appeal on the basis of its Intervenor Application.

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, as per this decision, the companies responsible to collect GIDC under the GIDC Act 2015 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 Holding Company filed a review petition and the SCP dismissed the review petition through its order dated November 2, 2020, however, installments for payment of GIDC arrears have been increased to 48 from 24.

In respect of the above, the Holding Company filed a suit before the High Court of Sindh (HCS) which is pending while the Holding Company 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 Holding 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 January 10, 2022 and was adjourned. The stay granted by HCS is still valid and operational.

The Holding Company, based on the views of its legal counsel, is of the opinion that the Holding Company in its suit before the HCS has raised substantive grounds has fairly reasonable prospects of success if the courts accepts the abovementioned interpretation / grounds. 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 consolidated financial statements. However, if the eventual outcome of the suit filed before the HCS results in any amount payable by the Holding Company on account of GIDC, it will be ultimately recovered through the MYT as a pass-through item.

- 33.1.6 As part of MYT decision, NEPRA through its order dated July 5, 2018, directed the Holding Company to pay interest on security deposit collected from consumers. However, the Holding Company disagreed with the direction of NEPRA, being without any lawful justification and discriminatory as no other power utility company in

Pakistan is required to pay interest on security deposit. Accordingly, the Holding Company filed a constitutional petition in the High Court of Sindh on May 30, 2019 on the grounds that the Appeal before NEPRA Appellate Tribunal is pending and since, the Tribunal is not functional NEPRA may be restrained to take any action against the Holding Company till the Appeal is decided on merits. The High Court of Sindh through its order dated May 30, 2019 has restrained NEPRA from taking any coercive action against the Holding Company. The Tribunal has now become functional and the Appeal is likely to be heard soon.

Subsequent to above, NEPRA issued an amendment in the Consumer Service Manual in January 2021 and introduced requirement for keeping security deposit in separate bank account and directed that profits so received from the same shall be mentioned in the tariff petition for passing on the benefit to consumers.

Further to above, during the year, NEPRA through its Mid Term Review (MTR) decision adjusted the profit on consumers' security deposits from the Holding Company's working capital requirement, thereby passing the benefit in the tariff. Accordingly, based on this adjustment, management understands that payment of profit on such security deposits is no longer required under MYT Decision and CSM till the end of current MYT.

Accordingly, the provision recognised in this respect, amounting to Rs. 1,963 million as of June 30, 2021 has been reversed in these consolidated financial statements.

Additionally, the Holding Company has also requested NEPRA to amend the requirement of CSM for maintaining a separate bank account and transferring the profit to consumers, in case if benefit is already being passed to consumers in the form of reduction in working capital requirement, response to which is awaited.

33.1.7 Tax related matters are disclosed in notes 43.1.

	Note	2022	2021
------(Rupees in '000)-----			
<b>33.2</b>	<b>Claims not acknowledged as debts</b>		
33.2.1	Right of way claim by Pakistan Steel Mills Corporation	-	73,000
33.2.2	Fatal accident cases	5,715	69,098
33.2.3	Architect's fee in respect of the Holding Company's Head Office project	50,868	50,868
33.2.4	Outstanding dues of property tax, water charges, custom duty, ground rent and occupancy value	8,986,844	9,828,450

33.2.5 The Holding 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 Holding Company's lawyers, the management is confident that the outcome of the cases will be in favour of the Holding Company. Accordingly, no provision has been made in respect of these cases / claims in these consolidated financial statements.

		2022	2021
------(Rupees in '000)-----			
<b>33.3</b>	<b>Commitments</b>		
33.3.1	Guarantees from banks	6,134,039	6,028,766
33.3.2	Transmission projects	24,381,273	8,504,858
33.3.3	Transmission Project (TP-1000)	1,747,071	2,473,375
33.3.4	BQPS III 900 MW combined cycle power plant and associated transmission project	21,068,317	12,158,338
33.3.5	Outstanding letters of credit	10,305,045	11,509,351
33.3.6	Dividend on preference shares	1,119,453	1,119,453

The Holding 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.

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

	2022	2021
	------(Rupees in '000)-----	
- Not later than one year	425,062	379,574
- Later than one year but not later than five years	638,515	645,629

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

	2022	2021
	------(Rupees in '000)-----	
<b>34. NET REVENUE</b>	<b>Note</b>	
Gross revenue	34.1	429,023,752
Sales tax		(62,647,589)
Other taxes		(19,991,988)
Net revenue	34.2	346,384,175
		318,426,791
		(48,270,063)
		(15,150,520)
		255,006,208

34.1 Gross revenue is net-off an amount of Rs. 1,644 million (2021: Rs. 2,404 million) representing invoices raised during the year for energy consumed, however, these invoices are considered non-recoverable.

	2022	2021
	------(Rupees in '000)-----	
<b>34.2 Net revenue comprises of:</b>	<b>Note</b>	
Residential	34.2.1	111,193,811
Commercial	34.2.1	51,878,092
Industrial	34.2.1	123,004,828
Karachi Nuclear Power Plant (KANUPP)	34.2.1	-
Fuel surcharge adjustment	34.2.2	57,865,970
Others	34.2.1 & 34.2.3	2,441,474
		346,384,175
		104,526,363
		42,558,293
		97,413,596
		763,809
		6,665,407
		3,078,740
		255,006,208

34.2.1 The above includes net cycle day impact amounting to Rs. 168 million (2021: Rs. 4,117 million).

34.2.2 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.

34.2.3 This includes Rs. 1,469 million (2021: Rs. 2,119 million) in respect of supply of energy through street lights.

	2022	2021
	------(Rupees in '000)-----	
<b>35. TARIFF ADJUSTMENT</b>	<b>Note</b>	
Tariff adjustment	35.1 & 35.2	172,686,588
		70,042,341

35.1 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.

35.2 Includes Rs. 14,489 million comprising dues of 95,640 customers (2021: Rs 16,040 million comprising dues of 82,600 customers) recognised during the year against actual write-off of bad debts, as allowed by NEPRA under the MYT decision dated July 5, 2018 for the period from July 1, 2016 to June 30, 2023. The write-off amount has been claimed by the Holding Company on August 2, 2022 on a provisional basis as part of quarterly tariff adjustment for the fourth quarter ended June 30, 2022 aggregating to Rs. 15,000 million (fourth quarter ended June 30, 2021: Rs. 15,900 million).

Further, NEPRA vide its letters dated December 31, 2019, March 10, 2021, March 30, 2022 and June 8, 2022 stated that in connection with the claims submitted by the Holding Company on account of trade debts write-offs for the years ended June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020 and June 30, 2021 aggregating to Rs. 37,148 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 Holding 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, 2022 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 Holding Company's system i.e. SAP prior to June 30, 2022.
- The aforementioned amount of write-off of bad debts has been approved by the Holding Company's Board of Directors certifying that the Holding 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 Holding Company.

Further, the statutory auditors of the Holding Company verified that the write-off of bad debts amount is not recoverable notwithstanding the efforts of the Holding 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 Holding Company as tariff adjustment for the year ended June 30, 2022, the Holding 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, 2022 and the corresponding amount has been claimed in the tariff adjustment after verifying underlying facts.

	2022	2021
	------(Rupees in '000)-----	
<b>36. PURCHASE OF ELECTRICITY</b>		
CPPA / NTDC	144,462,200	66,979,984
Independent Power Producers (IPPs)	62,230,042	42,237,412
Karachi Nuclear Power Plant (KANUPP)	852,135	3,006,062
	<u>207,544,377</u>	<u>112,223,458</u>
<b>37. CONSUMPTION OF FUEL AND OIL</b>		
Natural gas / RLNG	119,466,192	79,923,091
Furnace and other fuel / oil	84,676,089	47,248,824
High speed diesel (HSD)	8,345,273	785,880
	<u>212,487,554</u>	<u>127,957,795</u>

**38. EXPENSES INCURRED IN GENERATION, TRANSMISSION AND DISTRIBUTION**

	Note	Generation expenses	Transmission and distribution expenses	2022	2021
(Rupees in '000)					
Salaries, wages and other benefits	38.1 & 38.2	1,627,840	2,408,375	4,036,215	4,275,444
Stores and spares		788,324	411,972	1,200,296	1,340,025
Office supplies		146,588	59,063	205,651	203,880
NEPRA license fee		56,263	59,914	116,177	108,408
Repairs and maintenance		34,323	278,949	313,272	132,316
Transport expense		170,903	264,806	435,709	285,016
Rent, rates and taxes		63,072	192,516	255,588	258,533
Depreciation	5.1.7	11,655,417	4,009,251	15,664,668	15,185,523
Amortisation	6.2	1,276	-	1,276	2,477
Interdepartmental consumption		73,387	535,125	608,512	588,769
Provision against slow moving and obsolete stores, spare parts and loose tools	11.1	156,137	50,538	206,675	180,187
Third party services		1,210,222	1,368,755	2,578,977	2,402,098
Others		442,770	263,788	706,558	710,030
		<u>16,426,522</u>	<u>9,903,052</u>	<u>26,329,574</u>	<u>25,672,706</u>

38.1 This includes Rs. 311 million (2021: Rs. 289 million) in respect of defined benefit plans, Rs. 166 million (2021: Rs. 160 million) in respect of defined contribution plan and Rs. 2 million (2021: Rs. 4 million) in respect of other long term employee benefits.

38.2 Free electricity benefit to employees amounting to Rs. 6 million (2021: Rs. 48 million) has been included in salaries, wages and other benefits.

**39. CONSUMERS SERVICES AND ADMINISTRATIVE EXPENSES**

	Note	Consumer Services and Billing Expenses	Administrative and General Expenses	2022	2021
(Rupees in '000)					
Salaries, wages and other benefits	39.1 & 39.2	8,473,436	3,375,888	11,849,324	11,532,582
Bank collection charges		235,098	88,671	323,769	182,197
Transport cost		783,049	244,848	1,027,897	681,138
Depreciation	5.1.7	4,446,718	375,659	4,822,377	3,965,017
Depreciation - Right-of-use asset	5.5	-	41,403	41,403	30,957
Amortisation	6.2	22,958	221,119	244,077	163,024
Depreciation - Investment Property	7.1	-	60,957	60,957	60,957
Repairs and maintenance		244,691	170,711	415,402	401,140
Rent, rates and taxes		28,427	173,995	202,422	202,786
Public relations and publicity		29,618	287,947	317,565	413,706
Legal expenses		32,260	155,392	187,652	168,757
Professional charges		41,652	143,448	185,100	178,853
Auditors' remuneration	39.3	195,000	81,381	276,381	196,800
Directors' fee		-	23,100	23,100	32,050
Office supplies		155,701	253,915	409,616	386,487
Interdepartmental consumption		168,064	100,029	268,093	182,932
Third party services		4,343,525	1,284,611	5,628,136	5,368,856
Provision against slow moving and obsolete stores, spare parts and loose tools	11.1	10,692	1,096	11,788	34,070
Others		499,738	896,437	1,396,175	1,060,012
		<u>19,710,627</u>	<u>7,980,607</u>	<u>27,691,234</u>	<u>25,242,321</u>

39.1 This includes Rs. 792 million (2021: Rs.736 million) in respect of defined benefit plans, Rs. 420 million (2021: Rs. 404 million) in respect of defined contribution plan and Rs. 14 million (2021: Rs. 14 million) in respect of other long term employee benefits.

39.2 Free electricity benefit to employees amounting to Rs. 239 million (2021: Rs. 205 million) has been included in salaries, wages and other benefits.

		2022	2021
<b>39.3 Auditors' remuneration</b>	<b>Note</b>	<b>------(Rupees in '000)-----</b>	
Fee for statutory audit, half yearly review and review of compliance with the Code of Corporate Governance (including audit fees of the subsidiary companies)		10,364	7,872
Fee for cost incurred in respect of bad debts write-off verification as required under MYT 2017-23 and other assurance services		245,000	180,000
Fee for other certifications and taxation services	39.3.1	20,101	7,921
		<u>275,465</u>	<u>195,793</u>
Out of pocket expenses		916	1,007
		<u>276,381</u>	<u>196,800</u>

39.3.1 This includes Rs. 0.8 million (2021: Rs. 0.8 million) in respect of Shariah audit fee.

		2022	2021
<b>40. OTHER OPERATING EXPENSES</b>	<b>Note</b>	<b>------(Rupees in '000)-----</b>	
Exchange loss - net		8,973,187	-
Workers' profits participation fund	28.6	297,369	807,676
Interest on consumer deposits	33.1.6	-	481,423
Donations	40.1	94,798	44,088
Listing fee		5,107	4,969
Others		43,160	221,436
		<u>9,413,621</u>	<u>1,559,592</u>

40.1 Donations to the following parties exceeds 10% of the total amount of donations made by the Group:

Concern For Children Welfare		21,019	8,560
Karachi awards		33,903	-
Pride of Karachi - Consumers		-	5,971
Akhuwat Islamic Microfinance		7,500	5,000

		2022	2021
<b>41. OTHER INCOME</b>	<b>Note</b>	<b>------(Rupees in '000)-----</b>	
<b>Income from financial assets</b>			
Return on bank deposits	41.1	453,954	232,040
Late payment surcharge	41.2	1,968,158	2,029,991
		<u>2,422,112</u>	<u>2,262,031</u>
<b>Income from non-financial assets</b>			
Liquidated damages recovered from suppliers and contractors		206,454	143,516
Scrap sales		444,166	315,143
Amortisation of deferred revenue	26	2,405,777	2,193,134
Service connection charges		171,331	1,289,385
Collection charges - TV license fee		162,319	152,049
Gain on disposal of property, plant and equipment	5.2	2,194,267	1,887,009
Exchange gain - net		-	1,081,253
Others	41.3	2,200,443	467,714
		<u>7,784,757</u>	<u>7,529,203</u>
		<u>10,206,869</u>	<u>9,791,234</u>

41.1 This includes Rs. 7.947 million (2021: Rs. 6.915 million) being return on Shariah Compliant bank deposits.

41.2 In accordance with the Holding 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. 492 million for the year ended June 30, 2022 (2021: Rs. 877 million) has not been recognised for the reasons detailed in note 12.2.

41.3 This includes reversal of interest accrued on consumer deposits amounting to Rs. 1,963 million as explained in note 33.1.6.

42. FINANCE COST	Note	2022 ------(Rupees in '000)-----	2021
Mark-up / interest on:			
- Long term financing	42.1	6,499,232	5,835,559
- Short-term borrowings	42.2	4,834,910	3,126,035
		<u>11,334,142</u>	<u>8,961,594</u>
Late payment surcharge on delayed payment to creditors		238,745	14,452
Bank charges, guarantee commission, commitment fee and other service charges		533,464	508,695
Finance cost on lease liabilities		18,221	16,474
Letters of credit discounting charges		2,998,090	1,611,777
		<u>15,122,662</u>	<u>11,112,992</u>

- 42.1 This includes Rs. 3,606 million (2021: Rs. 3,343 million) being mark-up on Shariah compliant long-term financing for the Holding Company.
- 42.2 These include Rs. 3,320 million (2021: Rs. 1,884 million) being mark-up on Shariah compliant short-term borrowings of the Holding Company.
- 42.3 The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings during the year ended June 30, 2022, which was 10.56% (June 30, 2021: 8.82%).

43. TAXATION REVERSAL / (CHARGE)	Note	2022 ------(Rupees in '000)-----	2021
Current tax expense		(4,356,596)	(3,876,593)
Deferred tax income	27.1	7,256,067	528,929
		<u>2,899,471</u>	<u>(3,347,664)</u>

- 43.1 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 Holding 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 Holding Company against the aforementioned assessment orders, were rejected by the Commissioner Inland Revenue (Appeals) – CIR(A). Subsequently, the Holding Company filed appeals against these decisions before the Appellate Tribunal Inland Revenue (ATIR) which have been decided in favour of the Holding Company vide ITA 877/KB/2011 dated May 7, 2012, ITA 950/KB/2011 dated October 19, 2012 for Tax Year 2010 and vide ITA 274/KB/2012 dated July 31, 2012 for Tax Year 2011. The tax department had filed references before the High Court of Sindh against the decision of ATIR vide ITRA No. 12 of 2013 dated January 31, 2013 and ITRA No. 27 of 2013 dated September 28, 2013 for Tax Year 2010 and ITRA 210 of 2012 dated November 2, 2012 for Tax Year 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 Holding Company. During the year, the Holding Company's appeal for tax year 2007 has also been decided by CIR(A) vide Order No. 91/2021 dated December 9, 2021 in which the demand of Rs. 59.4 million has been remanded back by CIR(A). The Holding Company has filed an appeal before ATIR against the order of CIR(A). The appeal for tax year 2006 is still pending before CIR(A). The tax department has however filed references before the High Court of Sindh against ATIR decisions for tax years 2004, 2005 and 2008 on February 13, 2019. The Holding 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.

#### 43.2 Relationship between tax income / (expense) and accounting profit

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Group's applicable tax rate as follows:

	2022	2021
	------(Rupees in '000)-----	
Profit before taxation	5,569,843	15,327,628
Tax at the applicable tax rate of 29%	(1,615,254)	(4,445,012)
Tax effect of exempt income	50,079,111	20,312,279
Effects of:		
- Deferred tax not recognised on minimum turnover tax	(4,352,875)	(3,876,593)
- Deferred tax not recognised on tax credits, un-utilised tax losses and others	(41,211,511)	(15,338,338)
	<u>2,899,471</u>	<u>(3,347,664)</u>
<b>44. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)</b>		
Profit before finance cost	20,692,505	26,440,620
Depreciation and amortisation	20,834,758	19,407,955
	<u>41,527,263</u>	<u>45,848,575</u>

#### 45. EARNING PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Holding Company, which is based on:

Profit attributable to ordinary share holders	8,469,314	11,979,964
	------(Number of shares)-----	
Weighted average number of ordinary shares outstanding during the year	27,615,194,246	27,615,194,246
	------(Rupees)-----	
Earnings per share - basic and diluted	<u>0.31</u>	<u>0.43</u>

#### 46. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2022			2021		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	------(Rupees in '000)-----					
Directors' fees (note 46.3)	-	23,100	-	-	32,050	-
Managerial remuneration	51,664	-	5,913,316	51,893	-	5,466,318
Commission or Bonus	13,909	-	621,278	2,791	-	196,276
Reimbursable expenses	895	-	99,504	1,474	-	98,261
Contribution to fund	3,107	-	320,795	2,837	-	297,212
Other allowances and benefits	-	-	4,508	-	-	537
	<u>69,575</u>	<u>23,100</u>	<u>6,959,401</u>	<u>58,995</u>	<u>32,050</u>	<u>6,058,604</u>
Number of persons includes those who worked part of the year	<u>1</u>	<u>13</u>	<u>1,898</u>	<u>1</u>	<u>13</u>	<u>1,775</u>

- 46.1 The Executives and Chief Executive Officer are provided medical facility. Chief Executive Officer is also provided with car facility.
- 46.2 The Holding Company also makes contributions for Executives and CEO to gratuity funds, based on actuarial calculations.
- 46.3 Non-executive directors are paid fees for attending the meetings of the Board of Directors and its committees, with no other remuneration.
- 46.4 Gratuity amounting to Rs. 232.2 million (2021: Rs. 155.7 million) was paid to outgoing executives of the Holding Company.

	Note	2022	2021
		------(Rupees in '000)-----	
<b>47. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	17	2,899,473	2,551,633
Short-term running finances	30	(44,721,569)	(38,350,438)
		<u>(41,822,096)</u>	<u>(35,798,805)</u>

#### 48. FINANCIAL INSTRUMENTS BY CATEGORY

##### 48.1 Financial assets measured at amortised cost

Long-term loans and advance		12,441	13,865
Long-term deposits		14,600	11,744
Trade debts		136,963,108	104,714,380
Deposits		6,215,025	3,828,283
Other receivables		356,135,728	267,608,739
Cash and bank balances		2,899,473	2,551,633
Others financial assets - at amortised cost		17,411,300	-
		<u>519,651,675</u>	<u>378,728,644</u>

##### 48.2 Financial assets measured at fair value through profit or loss

Derivative financial assets	48.2.1	<u>8,033,631</u>	<u>3,276,351</u>
-----------------------------	--------	------------------	------------------

- 48.2.1 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.

		2022	2021
		------(Rupees in '000)-----	
<b>48.3 Financial liabilities measured at amortised cost</b>			
Long-term diminishing musharaka		24,827,900	29,163,655
Long-term financing		150,548,630	47,980,964
Lease liabilities		197,451	132,065
Long-term deposits		13,976,931	12,866,349
Trade and other payables		412,367,106	331,459,224
Unclaimed dividend		645	645
Accrued mark-up		10,629,604	8,858,167
Short-term borrowings		107,535,452	107,023,197
Short-term deposits		6,578,500	5,790,947
		<u>726,662,219</u>	<u>543,275,213</u>

## 49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### Financial risk factors

Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

Following information presents Group's exposure to each of the aforementioned risks, Group's objectives, policies and processes for measuring and managing risks and Group's management of capital.

### Risk management framework

The Board of Directors (BoD) has the overall responsibility for the establishment and oversight of the Holding Company's risk management framework. The BoD has empowered Board Audit Committee (BAC), which oversees compliance with the Holding Company's risk management framework & policies in relation to risks faced by the Holding Company. The BAC regularly reports to the BoD on its activities.

The Holding 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 Holding Company's activities. The Holding 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 Holding Company's BAC oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Group. 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 Group's principal financial liabilities 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 Group's operations. The Group 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 Group also enters into derivative transactions, cross currency swap contracts. The purpose is to manage currency risk from the Group's operations and its sources of finance. It is the Group'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:

### 49.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices or market interest rates. The Group 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.

#### 49.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises where transactions are conducted in foreign currency. The Group primarily has foreign currency exposures in US Dollar, Euro and UK Pound in the form of trade and other payables, bank balances and long-term financing. As at June 30, 2022, had the Group'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. 4,007 million (2021: Rs. 1,865 million) mainly as a result of foreign exchange gains / losses.

The Group has hedged significant portion of its long-term financing denominated in its foreign currency. The Group 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.

#### 49.1.2 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 Group'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 Group 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 Group's interest-bearing financial instruments was as follows:

	2022	2021
	------(Rupees in '000)-----	
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Long term loans	83	180
<b>Financial liabilities</b>		
Lease liabilities	197,451	132,065
<b>Variable rate instruments</b>		
<b>Financial assets</b>		
Deposit accounts	418,692	198,555
Deposits under lien against LC	83,244	78,978
Other financial assets - at amortised cost	17,411,300	-
	<u>17,913,236</u>	<u>277,533</u>
<b>Financial liabilities</b>		
Long term diminishing musharaka	24,827,900	29,163,655
Long term financing	150,522,020	47,954,354
Short-term borrowings	107,535,452	107,023,197
	<u>282,885,372</u>	<u>184,141,206</u>
<b>Fair value sensitivity analysis</b>		

The Group 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. 2,650 million (2021: Rs. 1,839 million).

#### 49.1.3 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. The Group is not exposed to price risk as it does not have any price sensitive instruments.

#### 49.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Group's receivables from customers, balances held with banks and investments in term deposits. Out of the total financial assets as set out in note 48, those that are subject to credit risk aggregated Rs. 119,186 million as at June 30, 2022 (2021: Rs. 63,759 million). The analysis below summarises the credit quality of the Company's financial assets as at June 30, 2022.



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, 2022 and include both principal and interest payable thereon. The rates of mark-up have been disclosed in notes 21, 22 and 30 to these consolidated financial statements.

#### 49.4 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	Lease liabilities	Total
(Rupees in '000)							
Balance as at July 1, 2021	38,691,198	69,384,154	48,156,943	29,546,935	14,828,922	132,065	200,740,217
Changes from financing cash flows							
Proceeds from / (Repayment of) loan - net of transaction cost	-	(5,858,876)	94,002,181	(4,400,000)	-	-	83,743,305
Receipts of security deposit	-	-	-	-	1,110,582	-	1,110,582
Changes in running finance	6,371,131	-	-	-	-	-	6,371,131
Addition to lease liability	-	-	-	-	-	103,032	103,032
Lease payments	-	-	-	-	-	(53,827)	(53,827)
Total changes from financing activities	6,371,131	(5,858,876)	94,002,181	(4,400,000)	1,110,582	49,205	91,274,223
Other changes - interest cost							
Finance cost	3,814,110	4,018,890	3,443,785	3,055,447	-	16,181	14,348,413
Finance cost paid	(5,044,931)	(4,568,256)	(7,285,939)	(2,778,008)	-	-	(19,677,134)
Reversal of interest accrued	-	-	-	-	(1,962,573)	-	(1,962,573)
Derivate financial asset realised	-	-	(1,240,243)	-	-	-	(1,240,243)
Exchange loss	-	-	9,539,840	-	-	-	9,539,840
Amortisation of transaction cost	-	-	265,888	64,245	-	-	330,133
Finance cost capitalised	1,577,291	1,429,324	6,072,297	-	-	-	9,078,912
Total loan related other changes	346,470	879,958	10,795,628	341,684	(1,962,573)	16,181	10,417,348
Balance as at June 30, 2022	45,408,799	64,405,236	152,954,752	25,488,619	13,976,931	197,451	302,431,788

#### 49.5 Hedging activities and derivatives

The Holding Company has executed cross currency swaps on its long term foreign currency financing to hedge its currency risk (note 4.8).

##### Cash flow hedges

During the year, the Holding 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 22.1, 22.2, 22.4, 22.5 and 22.6 to these consolidated financial statements.

The critical terms of the cross currency swap contracts have been negotiated to match the terms of the aforementioned financial liability (note 16).

#### 50. CAPITAL RISK MANAGEMENT

The primary objective of the Group'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, 2022.

The Group 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 Group's financial position and requirements of lenders. This necessitated re-investment of profits to strengthen the Group'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 18.9.

The Group monitors capital using debt to equity ratios. The long-term debt to equity ratio as at June 30, 2022 is as follows:

	Note	2022 ------(Rupees in '000)-----	2021
Long-term diminishing musharaka	21	21,077,900	24,763,655
Long-term financing	22	130,660,289	35,650,703
Long-term debt		151,738,189	60,414,358
Total equity		250,099,236	223,933,298
		401,837,425	284,347,656
Long-term debt to equity		0.38:1	0.21:1

## 51. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

51.1 Related parties of the Group comprise of associated companies, state-controlled entities, staff retirement benefit plans and the Holding Company's directors and key management personnel. Following are the particulars of related parties and associated undertakings of the Group with whom the Group had entered into transactions or had agreements and arrangements in place during the year:

Name of related parties	Direct shareholding in the Holding Company	Relationship
KES Power Limited	66.4%	Holding Company
GoP represented by the President of Pakistan	24.4%	Major shareholder
Central Power Purchasing Agency / National Transmission and Dispatch Company	-	State controlled entity
Pakistan State Oil Limited	-	State controlled entity
Hascol Petroleum Limited	-	Common directorship
Sui Southern Gas Company Limited	-	State controlled entity
Pakistan LNG Limited	-	State controlled entity
Securities and Exchange Commission of Pakistan	-	Common directorship
EFU Life Assurance Limited	-	Common directorship
Shan A. Ashary**	-	Chairman / Non-Executive director
Mark Gerard Skelton***	-	Chairman / Non-Executive director
Syed Moonis Abdullah Alvi	-	Chief Executive Officer
Adeeb Ahmad	-	Non-Executive director
Syed Asad Ali Shah Jilani****	<0.01%	Non-Executive director
Ch. Khaqan Saadullah Khan	-	Non-Executive director
Khalid Rafi****	<0.01%	Independent director
Mubasher H. Sheikh	-	Non-Executive director
Naveed Ismail****	-	Non-Executive director
Ruhail Muhammad****	-	Non-Executive director
Sadia Khuram	-	Non-Executive director
Dr Imranullah Khan	-	Non-Executive director
Waseem Mukhtar****	-	Non-Executive director
Aadil Riaz*	-	Key Management Personnel
Aamir Rizwan Qureshi	-	Key Management Personnel
Abbas Husain Siahawala	-	Key Management Personnel
Abdul Khaliq	-	Key Management Personnel
Abdul Latif	-	Key Management Personnel
Abdul Saleem	-	Key Management Personnel
Ali Imran Hussain Arain	-	Key Management Personnel
Aqib Salam	-	Key Management Personnel

Name of related parties	Direct shareholding in the Holding Company	Relationship
Arshad Ali Shahab	-	Key Management Personnel
Arshad Iftikhar	-	Key Management Personnel
Arshad Sabri	-	Key Management Personnel
Asif Raza	-	Key Management Personnel
Atif Aslam	-	Key Management Personnel
Ayaz Jaffar Ahmed	-	Key Management Personnel
Babar Jamal Zubairi	-	Key Management Personnel
Bashir Ahmad	-	Key Management Personnel
Dale Roger Sinkler*	-	Key Management Personnel
Darrel Jacob	-	Key Management Personnel
Faisal	-	Key Management Personnel
Faisal Bashir Gill	-	Key Management Personnel
Faisal Jehangir Malik*	-	Key Management Personnel
Faisal Karamat	-	Key Management Personnel
Faiza Savul	-	Key Management Personnel
Farah Naz Shah	-	Key Management Personnel
Farooq Niazi	-	Key Management Personnel
Haider Ali	-	Key Management Personnel
Haris Jamil Siddiqui	-	Key Management Personnel
Haseeb Uddin Sheikh	-	Key Management Personnel
Humza Khan	-	Key Management Personnel
Husnain Haider	-	Key Management Personnel
Imdad Afzal	-	Key Management Personnel
Imran Shafi Rana*	-	Key Management Personnel
Imran Syed Ali	-	Key Management Personnel
Inamullah Siddiqui*	-	Key Management Personnel
Irtaza Waseem Khan	-	Key Management Personnel
Jamil A Bajwa*	<0.01%	Key Management Personnel
Kamran Akhtar Hashmi	-	Key Management Personnel
Kashif Iqbal Ghazi	-	Key Management Personnel
Khurram Mukhtar	-	Key Management Personnel
Kunwar Zeeshan Shahid	-	Key Management Personnel
Manzoor Ahmed Lodhi	-	Key Management Personnel
Masood Ullah Koreshi*	-	Key Management Personnel
Moeed Masood*	-	Key Management Personnel
Mohammad Ilyas Mansoor*	-	Key Management Personnel
Mohammed Jawwad Amin	-	Key Management Personnel
Moula Bux Shaikh	-	Key Management Personnel
Mudassir Zuberi	-	Key Management Personnel
Muhammad Aamir	-	Key Management Personnel
Muhammad Abdullah Khan	-	Key Management Personnel
Muhammad Adnan Fazal	-	Key Management Personnel
Muhammad Ali	-	Key Management Personnel
Muhammad Bilal Ahmed Mirza	-	Key Management Personnel
Muhammad Faizan Mahmood Khan*	-	Key Management Personnel
Muhammad Faizan Pasha	-	Key Management Personnel
Muhammad Farrukh	-	Key Management Personnel
Muhammad Imran Hussain Qureshi	-	Key Management Personnel
Muhammad Mohtashim Jangda*	-	Key Management Personnel
Muhammad Owais	-	Key Management Personnel
Muhammad Rizwan Dalia	-	Key Management Personnel

Name of related parties	Direct shareholding in the Holding Company	Relationship
Muhammad Shariq Karim Siddiqui	-	Key Management Personnel
Muhammad Taimoor Khan	-	Key Management Personnel
Muhammad Talha Qureshi	-	Key Management Personnel
Munir Ahmed Sheikh	-	Key Management Personnel
Mustafa Husain*	-	Key Management Personnel
Mustafa Kamal*	-	Key Management Personnel
Muzammil	-	Key Management Personnel
Nabeel Qayoom Arain	-	Key Management Personnel
Naseem Jani Shaikh	-	Key Management Personnel
Naveed Abdul Hameed	-	Key Management Personnel
Naveed Afzal	-	Key Management Personnel
Naz Khan	-	Key Management Personnel
Noor Afshan	-	Key Management Personnel
Nowshad Alam	-	Key Management Personnel
Omeal Ahmed	-	Key Management Personnel
Pervez Musani	-	Key Management Personnel
Qazi Nisar Ahmed*	-	Key Management Personnel
Rana Muhammad Imran	-	Key Management Personnel
Rasheed Ahmed Bhutto	-	Key Management Personnel
Raza Abbas Naqvi	-	Key Management Personnel
Razi Ahmed Farooqui	-	Key Management Personnel
Razzaq Ahmad Anjum*	-	Key Management Personnel
Rehan Sajjad	-	Key Management Personnel
Rizwan Ahmed Ansari	-	Key Management Personnel
Rizwan Pesnani	-	Key Management Personnel
Sadia Dada	<0.01%	Key Management Personnel
Sajjad Asghar Khan Shahani	-	Key Management Personnel
Salman Ahmad	-	Key Management Personnel
Sayyed Zakir Ali Rizwe	-	Key Management Personnel
Sheikh Amer Zia	-	Key Management Personnel
Sheikh Humayun Saghir	-	Key Management Personnel
Sheraz Kashif	-	Key Management Personnel
Shiraz Ahmed	-	Key Management Personnel
Syed Adnan Sami	-	Key Management Personnel
Syed Irfan Ali Shah	-	Key Management Personnel
Syed Mehdi Ali	-	Key Management Personnel
Syed Moiz Ishaq	-	Key Management Personnel
Tabassum Kanwal	-	Key Management Personnel
Tahir Ali Khan	-	Key Management Personnel
Ubaid Ur Rehman Sheikh	-	Key Management Personnel
Usman Ahmed Khan	-	Key Management Personnel
Zehra Aneek	-	Key Management Personnel
Employee retirement benefit funds:		
- Gratuity fund	-	Post employment benefits / plans
- Provident fund	-	Post employment benefits / plans

\* These key management personnel resigned / retired from the Holding Company during the year ended June 30, 2022

\*\* He ceased to be the Chairman of the Holding Company with effective from August 11, 2022.

\*\*\* He was appointed as Chairman of the Holding Company with effective from August 11, 2022.

\*\*\*\* These directors retired as director of the Holding Company effective from July 29, 2022.

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

### 51.2.1 Government related entities

The Holding 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 Holding Company considers to be significant:

		2022	2021
		------(Rupees in '000)-----	
CPPA / NTDC	Power purchases	144,462,200	66,979,984
Pakistan State Oil Company Limited	Purchase of furnace oil / HSD & other lubricants	91,802,344	49,513,654
Sui Southern Gas Company Limited	Purchase of gas	111,349,481	79,923,091
Pakistan LNG Limited	Purchase of gas	8,116,711	-
51.2.2 Hascol Petroleum Limited (note 51.2.7)	Purchase of furnace oil	1,942,418	-
51.2.3 BYCO Petroleum Pakistan Limited (note 51.2.8)	Purchase of furnace oil and other lubricants	-	1,181,068
51.2.4 Key management personnel	Managerial remuneration	654,073	509,447
	Other allowances and benefits	237,852	156,426
	Retirement benefits	55,767	11,421
	Leave encashment	2,625	1,836
	Sale of goods and services	2,251	-
51.2.5 Provident fund	Contribution to provident fund	1,168,162	1,128,434
51.2.6 Gratuity fund	Contribution to gratuity fund	206,529	1,533,444

51.2.7 During the year, Hascol Petroleum Limited ceased to be the related party of the Group.

51.2.8 During the year, BYCO was not the related party of the Group.

## 52. PROVIDENT FUND

The Group 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.

## 53. PLANT CAPACITY AND ANNUAL PRODUCTION

The details of actual generation against average annual Gross Dependable Capacity of each plant of the Holding Company is as follows:

Plant Particulars	Average Gross Dependable Capacity		Actual Generation	
	2022	2021	2022	2021
	------(MW)-----		------(Gwh)-----	
Bin Qasim Power Station - I	750	829	3,591	5,130
Bin Qasim Power Station - II	526	526	3,821	4,173
CCPP Korangi	227	227	596	1,027
Site Gas Turbine Power Station	96	96	110	227
Korangi Town Gas Turbine	96	96	122	381
	1,695	1,774	8,240	10,938

The above table excludes 256 GWh generated by BQPS-III during the year as pre-COD test energy.

53.1 The actual generation of electricity during the year was as per the demand and planned load shed.

#### 54. OPERATING SEGMENTS

The Holding 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 Holding 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 Holding 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 Holding 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.

	2022					Total
	Generation	Transmission	Distribution	Others / Un-allocated	Eliminations	
	(Rupees in million)					
Segment revenue	-	-	518,777	294	-	519,071
Inter-segment revenue	248,039	9,562	-	4	(257,605)	-
Total revenue	248,039	9,562	518,777	298	(257,605)	519,071
Purchase of electricity / Consumption of fuel and oil / Others	(212,488)	-	(465,145)	(275)	257,605	(420,303)
Contribution Margin	35,551	9,562	53,632	23	-	98,768
O&M expenses	(6,043)	(5,446)	(21,609)	(95)	7	(33,186)
Other operating expenses	(6,556)	(2,469)	(387)	(2)	-	(9,414)
Other income	(545)	506	10,249	4	(7)	10,207
Impairment loss against trade debts and other receivables	-	-	(24,848)	-	-	(24,848)
EBITDA	22,407	2,153	17,037	(70)	-	41,527
Depreciation and amortisation	(11,869)	(3,837)	(5,123)	(6)	-	(20,835)
EBIT	10,538	(1,684)	11,914	(76)	-	20,692
Finance cost	(3,935)	(4,346)	(6,839)	(3)	-	(15,123)
Profit / (Loss) before taxation	6,603	(6,030)	5,075	(79)	-	5,569
Taxation - Current	(2,081)	(80)	(2,192)	(4)	-	(4,357)
Taxation - Deferred	-	-	-	7,257	-	7,257
Profit / (loss) for the year	4,522	(6,110)	2,883	7,174	-	8,469
Assets	257,243	142,794	618,783	41,634	(313)	1,060,141
Liabilities	201,613	66,930	491,913	49,623	(38)	810,041

	2021					Total
	Generation	Transmission	Distribution	Others / Un-allocated	Eliminations	
	(Rupees in million)					
Segment revenue	-	-	325,049	-	-	325,049
Inter-segment revenue	156,709	17,479	-	-	(174,188)	-
Total revenue	156,709	17,479	325,049	-	(174,188)	325,049
Purchase of electricity / Consumption of fuel and oil / Others	(127,958)	-	(286,411)	-	174,188	(240,181)
Contribution Margin	28,751	17,479	38,638	-	-	84,868
O&M expenses	(6,545)	(5,133)	(19,812)	(18)	1	(31,507)
Other operating expenses	(520)	(456)	(584)	-	-	(1,560)
Other income	(118)	2,049	7,860	-	-	9,791
Impairment loss against trade debts and other receivables	-	-	(15,743)	-	-	(15,743)
EBITDA	21,568	13,939	10,359	(18)	1	45,849
Depreciation and amortisation	(11,520)	(3,442)	(4,446)	-	-	(19,408)
EBIT	10,048	10,497	5,913	(18)	1	26,441
Finance cost	(3,554)	(2,241)	(5,318)	-	-	(11,113)
Profit / (Loss) before taxation	6,494	8,256	595	(18)	1	15,328
Taxation - Current	(1,641)	(2,085)	(151)	-	-	(3,877)
Taxation - Deferred	-	-	-	529	-	529
Profit / (loss) for the year	4,853	6,171	444	511	1	11,980
Assets	205,099	119,324	483,980	27,457	(195)	835,665
Liabilities	123,513	76,403	370,532	41,297	(13)	611,732

#### 55. 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 Holding Company's employees is a liability of the fund and the Holding 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 Holding 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.

	2022	2021
	------(Rupees in '000)-----	
<b>56. NUMBER OF EMPLOYEES</b>		
Total number of employees as at the reporting date	9,992	10,280
Average number of employees during the year	10,117	10,435

**57. CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison.

**58. DATE OF AUTHORISATION FOR ISSUE**

These consolidated financial statements were authorised for issue on September 20, 2022, by the Board of Directors of the Holding Company.

**59. GENERAL**

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



**Syed Moonis Abdullah Alvi**  
Chief Executive Officer



**Saad Amanullah Khan**  
Director



**Muhammad Aamir Ghaziani**  
Chief Financial Officer

# STAKEHOLDER MANAGEMENT



# STAKEHOLDER ENGAGEMENT

KE's stakeholders are the various individuals or corporations the Company interacts with and hold a stake, or interest, in the Company's progress. Engagement with stakeholders ensures all parties mutually align their synergies to fulfill each other's best interests.

## Public Affairs & Government Relations

To deliver value to its stakeholders and the general public, KE maintains bilateral communication with the government as well as Karachi's civic agencies. The Company is focused on timely dissemination of information whilst managing 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 mutual benefits by liaising between these external stakeholders with internal departments.

The Technical Liaison team has been allocated responsibilities that include but are not limited to planning and development of KE's infrastructure in the coverage area. By liaising with governing and civic agencies, Technical Liaison has built progressive relationships that promote advancements.

CEO taskforce performs surveys and cross analysis of Speak up cases / Special assignments, survey Operations/Complaint Centers to review overall activities / process, identify discrepancies in KE network such as illegal Kunda/theft cases, idle PMTs, faulty PMTs, faulty RMUs, substation discrepancies and other miscellaneous discrepancies

## 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.

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 recognizes 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 sessions on a 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.

Keeping investor best-interests in mind, price-sensitive information is timely reported to the PSX. The "Investor Information", "Investors Media" and "Investor Relations" sections on the KE website also share relevant details for all investors. The Company entertains all requests for information made through KE's Share Registrar.

## 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.

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. Resultantly, major commercial banks, capital market investors and foreign institutions including Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO), Proparco, GuarantCo, Sinasure and Hermes have shown confidence in KE over the years through continued investment and participation in the power utility's financing initiatives.

## Suppliers

As a vertically integrated power utility, KE has a unique relationship 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 line with global best practices, KE is moving beyond the transactional dimensions of supply chain and building 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.

## Employees

As an organisation, KE faces pivotal changes to customer expectations, city dynamics, regulations, employee needs and even environmental systems. Our continued success depends on our ability to seamlessly adapt our systems to align ourselves with these new realities.

With this vision, "Paish Qadam" was launched as KE's new internal communications identity. With a forward-thinking approach, Paish Qadam is a paradigm shift.

# SHAREHOLDERS & INVESTORS INFORMATION

## Annual General Meeting

The annual shareholders' meeting will be held at 10:30 Hours am on Wednesday, October 26, 2022 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 summarizes 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](http://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.

## Issues raised in the last AGM, decisions taken and their implementation status

The last Annual General Meeting of the Company was held on 13 October 2021, wherein the Annual (Audited) Financial Statements for the year ended 30 June 2021 along with the Chairman's review Report, Directors' Report and Auditors' Report thereon were adopted. The re-appointment of Messrs. A. F. Fergusons and Co. as Statutory Auditors of the Company for FY 2022 was also approved by the members.

The queries raised by the Shareholders' regarding Financial and Operational performance of the Company was appropriately responded by the Directors' and Senior Management / Leadership.

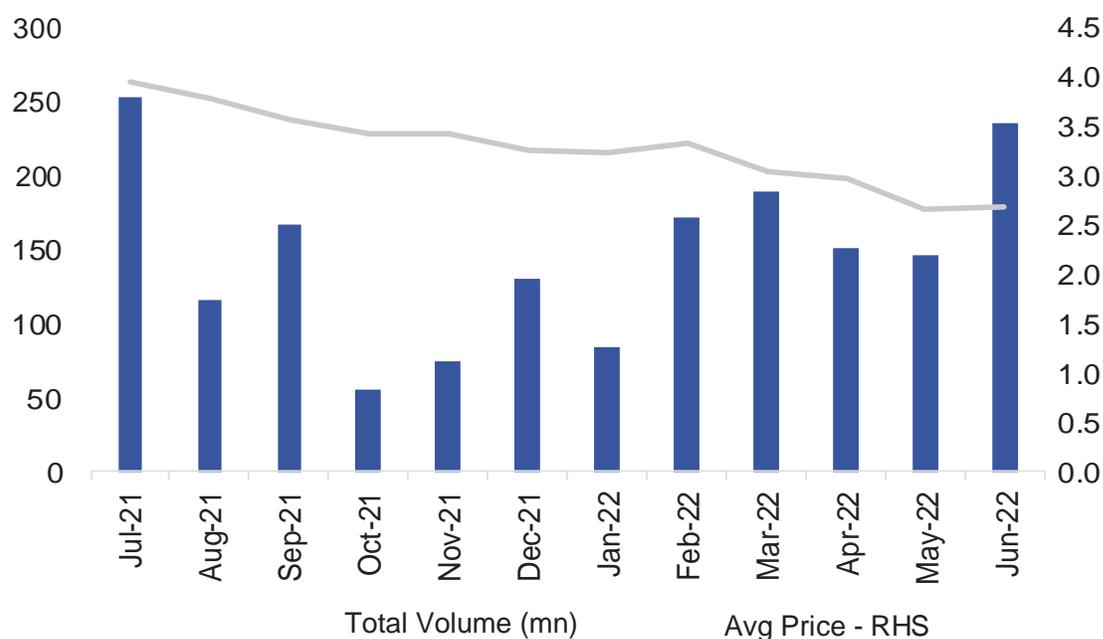
# SHARE PRICE SENSITIVITY ANALYSIS

## Factors affecting the share price of the company are;

- Timely determination of tariff adjustments by NEPRA
- Timely payments of Tariff differential subsidies by GoP to K-Electric
- Dividend yield for the company being impacted by circular debt
- T&D losses being higher/lower than that accounted for in the tariff
- Power generation projects coming online
- Costs of financing impacted by higher interest rates and leverage ratio of the company
- PKR to USD exchange rate impact
- Overall macroeconomic environment
- Government policies in support of the company
- Performance of the stock market and prevalent sentiment of the investors

During FY22, 1.9 billion shares were traded on the PSX. The average price of the Company on a daily basis was PKR 3.3/share, while high/low during the year was PKR 4.31/share and PKR 2.40/share respectively.

## Summary of Shares Trade



### Disclaimer:

These details have been prepared by 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.

# PATTERN OF SHAREHOLDING

as at June 30, 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Government Holding</b>			
The President of Pakistan	1	6,726,912,278	24.36
<b>Directors and their spouse(s) and minor children</b>			
Khalid Rafi	1	500	0.00
Syed Asad Ali Shah	1	1,000	0.00
<b>Executives</b>	3	102	0.00
<b>Associated Companies, undertakings and related parties</b>			
KES Power Limited	1	18,335,542,678	66.40
<b>NIT and ICP</b>	3	46,870	0.00
<b>Banks Development Financial Institutions, Non-Banking Financial Institutions</b>	45	326,556,349	1.18
<b>Insurance Companies</b>	21	22,612,340	0.08
<b>Modarabas and Mutual Funds</b>	35	227,960,258	0.83
<b>General Public</b>			
a. Local	25,242	1,535,342,195	5.56
b. Foreign	406	22,948,761	0.08
Foreign Companies	50	358,460	0.00
Others	284	416,912,455	1.51
<b>Total</b>	<b>26,093</b>	<b>27,615,194,246</b>	<b>100.00</b>
<b>Shareholders holding 10% or more</b>		<b>Shares Held</b>	<b>Percentage</b>
<b>THE PRESIDENT OF PAKISTAN</b>		<b>6,726,912,278</b>	<b>24.36</b>
<b>KES POWER LIMITED</b>		<b>18,335,542,678</b>	<b>66.40</b>

# PATTERN OF SHAREHOLDING (SLAB)

as at June 30, 2022

Number of Shareholders	Shareholding Slabs			Total Shares Held
5766	1	To	100	167,984
3903	101	To	500	1,283,089
2495	501	To	1000	2,263,515
5212	1001	To	5000	15,119,919
2285	5001	To	10000	19,100,383
935	10001	To	15000	12,113,428
705	15001	To	20000	13,241,810
546	20001	To	25000	12,976,435
367	25001	To	30000	10,589,382
215	30001	To	35000	7,177,261
237	35001	To	40000	9,184,918
130	40001	To	45000	5,658,716
428	45001	To	50000	21,236,605
124	50001	To	55000	6,612,929
147	55001	To	60000	8,644,434
63	60001	To	65000	4,002,802
91	65001	To	70000	6,272,695
93	70001	To	75000	6,881,962
73	75001	To	80000	5,752,433
43	80001	To	85000	3,593,200
49	85001	To	90000	4,355,973
39	90001	To	95000	3,639,866
355	95001	To	100000	35,438,135
50	100001	To	105000	5,133,778
59	105001	To	110000	6,424,818
30	110001	To	115000	3,418,000
34	115001	To	120000	4,046,298
49	120001	To	125000	6,083,501
29	125001	To	130000	3,738,000
18	130001	To	135000	2,402,631
29	135001	To	140000	4,028,440
19	140001	To	145000	2,725,190
85	145001	To	150000	12,735,700
15	150001	To	155000	2,289,516
21	155001	To	160000	3,341,872
15	160001	To	165000	2,454,000
27	165001	To	170000	4,573,000
24	170001	To	175000	4,176,000
14	175001	To	180000	2,508,000
12	180001	To	185000	2,211,000
11	185001	To	190000	2,074,645
11	190001	To	195000	2,119,487
156	195001	To	200000	31,183,106
17	200001	To	205000	3,453,838

Number of Shareholders	Shareholding Slabs			Total Shares Held
20	205001	To	210000	4,181,578
10	210001	To	215000	2,135,000
12	215001	To	220000	2,627,500
14	220001	To	225000	3,136,500
10	225001	To	230000	2,288,000
14	230001	To	235000	3,279,500
11	235001	To	240000	2,613,637
2	240001	To	245000	487,000
55	245001	To	250000	13,732,440
4	250001	To	255000	1,011,002
9	255001	To	260000	2,328,000
9	260001	To	265000	2,378,000
9	265001	To	270000	2,419,187
10	270001	To	275000	2,743,500
4	275001	To	280000	1,115,934
9	280001	To	285000	2,543,750
9	285001	To	290000	2,604,000
5	290001	To	295000	1,469,000
77	295001	To	300000	23,086,000
9	300001	To	305000	2,727,655
4	305001	To	310000	1,239,764
5	310001	To	315000	1,564,000
6	315001	To	320000	1,905,500
9	320001	To	325000	2,922,000
3	325001	To	330000	984,000
7	330001	To	335000	2,337,000
1	335001	To	340000	335,349
1	340001	To	345000	343,500
22	345001	To	350000	7,690,500
8	350001	To	355000	2,819,579
5	355001	To	360000	1,791,500
1	360001	To	365000	365,000
3	365001	To	370000	1,106,000
6	370001	To	375000	2,249,500
1	375001	To	380000	380,000
4	380001	To	385000	1,533,500
3	385001	To	390000	1,163,000
3	390001	To	395000	1,181,500
43	395001	To	400000	17,199,000
7	400001	To	405000	2,820,500
6	405001	To	410000	2,450,764
2	410001	To	415000	826,500
1	415001	To	420000	415,500
3	420001	To	425000	1,268,000
2	425001	To	430000	860,000
2	430001	To	435000	869,000

Number of Shareholders	Shareholding Slabs			Total Shares Held
4	435001	To	440000	1,751,500
1	440001	To	445000	445,000
14	445001	To	450000	6,300,000
1	460001	To	465000	461,000
1	465001	To	470000	468,000
4	470001	To	475000	1,894,464
3	475001	To	480000	1,436,000
2	480001	To	485000	966,858
1	485001	To	490000	489,000
6	490001	To	495000	2,967,000
60	495001	To	500000	29,995,000
3	500001	To	505000	1,508,500
1	505001	To	510000	505,975
3	510001	To	515000	1,538,500
5	515001	To	520000	2,596,500
5	520001	To	525000	2,617,840
2	530001	To	535000	1,067,000
1	540001	To	545000	543,000
8	545001	To	550000	4,399,500
1	550001	To	555000	554,500
3	565001	To	570000	1,708,500
3	570001	To	575000	1,724,000
3	575001	To	580000	1,737,469
6	580001	To	585000	3,502,500
3	585001	To	590000	1,768,500
1	590001	To	595000	595,000
13	595001	To	600000	7,800,000
3	600001	To	605000	1,804,853
1	605001	To	610000	608,000
2	610001	To	615000	1,225,568
2	620001	To	625000	1,250,000
2	625001	To	630000	1,254,500
1	630001	To	635000	631,000
1	635001	To	640000	638,500
1	640001	To	645000	643,500
7	645001	To	650000	4,547,000
2	650001	To	655000	1,306,000
1	655001	To	660000	656,100
1	660001	To	665000	663,000
4	665001	To	670000	2,680,000
1	670001	To	675000	670,500
1	675001	To	680000	680,000
1	680001	To	685000	684,500
10	695001	To	700000	7,000,000
1	700001	To	705000	703,158
2	705001	To	710000	1,419,000
2	710001	To	715000	1,423,148
3	715001	To	720000	2,153,470
1	720001	To	725000	725,000
3	725001	To	730000	2,184,412

Number of Shareholders	Shareholding Slabs			Total Shares Held
1	730001	To	735000	733,000
2	735001	To	740000	1,478,000
2	740001	To	745000	1,490,000
6	745001	To	750000	4,500,000
1	750001	To	755000	754,000
2	755001	To	760000	1,519,000
1	760001	To	765000	760,401
3	770001	To	775000	2,314,500
2	775001	To	780000	1,559,000
5	795001	To	800000	4,000,000
1	805001	To	810000	810,000
1	810001	To	815000	815,000
3	815001	To	820000	2,449,500
2	820001	To	825000	1,650,000
1	825001	To	830000	830,000
2	830001	To	835000	1,668,500
1	845001	To	850000	850,000
1	850001	To	855000	854,000
1	855001	To	860000	858,000
1	860001	To	865000	865,000
2	865001	To	870000	1,740,000
1	870001	To	875000	873,500
1	875001	To	880000	880,000
7	895001	To	900000	6,300,000
1	910001	To	915000	915,000
1	915001	To	920000	920,000
3	920001	To	925000	2,774,000
2	925001	To	930000	1,859,500
1	940001	To	945000	945,000
2	945001	To	950000	1,895,000
1	950001	To	955000	950,509
2	955001	To	960000	1,919,500
3	970001	To	975000	2,925,000
1	975001	To	980000	980,000
2	980001	To	985000	1,964,501
2	990001	To	995000	1,986,000
33	995001	To	1000000	32,996,500
1	1000001	To	1005000	1,001,500
1	1005001	To	1010000	1,010,000
2	1015001	To	1020000	2,039,000
1	1035001	To	1040000	1,037,000
1	1040001	To	1045000	1,043,000
2	1045001	To	1050000	2,100,000
1	1050001	To	1055000	1,051,000
1	1060001	To	1065000	1,065,000
3	1070001	To	1075000	3,222,000
6	1095001	To	1100000	6,600,000
1	1100001	To	1105000	1,100,829
1	1105001	To	1110000	1,110,000
2	1120001	To	1125000	2,246,500

Number of Shareholders	Shareholding Slabs			Total Shares Held
2	1130001	To	1135000	2,266,500
1	1135001	To	1140000	1,137,000
1	1140001	To	1145000	1,145,000
2	1145001	To	1150000	2,300,000
1	1165001	To	1170000	1,170,000
1	1180001	To	1185000	1,185,000
2	1190001	To	1195000	2,386,500
4	1195001	To	1200000	4,800,000
1	1200001	To	1205000	1,205,000
1	1205001	To	1210000	1,207,000
3	1215001	To	1220000	3,654,500
1	1220001	To	1225000	1,225,000
1	1235001	To	1240000	1,236,000
3	1245001	To	1250000	3,750,000
1	1250001	To	1255000	1,255,000
1	1265001	To	1270000	1,268,500
1	1275001	To	1280000	1,275,500
6	1295001	To	1300000	7,797,500
2	1320001	To	1325000	2,649,000
1	1330001	To	1335000	1,333,000
1	1345001	To	1350000	1,350,000
1	1355001	To	1360000	1,359,000
1	1370001	To	1375000	1,372,500
3	1395001	To	1400000	4,200,000
1	1410001	To	1415000	1,413,500
1	1415001	To	1420000	1,418,500
1	1445001	To	1450000	1,450,000
1	1480001	To	1485000	1,485,000
1	1490001	To	1495000	1,492,500
7	1495001	To	1500000	10,500,000
1	1545001	To	1550000	1,548,000
1	1550001	To	1555000	1,554,500
1	1590001	To	1595000	1,592,500
3	1595001	To	1600000	4,798,500
1	1600001	To	1605000	1,602,000
1	1640001	To	1645000	1,640,702
1	1645001	To	1650000	1,650,000
1	1715001	To	1720000	1,720,000
1	1725001	To	1730000	1,726,000
3	1745001	To	1750000	5,246,000
1	1760001	To	1765000	1,765,000
1	1775001	To	1780000	1,779,500
1	1790001	To	1795000	1,795,000
1	1795001	To	1800000	1,800,000
1	1805001	To	1810000	1,810,000
1	1885001	To	1890000	1,886,000
1	1895001	To	1900000	1,900,000
1	1900001	To	1905000	1,902,500
1	1945001	To	1950000	1,950,000
1	1950001	To	1955000	1,954,000

Number of Shareholders	Shareholding Slabs			Total Shares Held
1	1985001	To	1990000	1,990,000
7	1995001	To	2000000	14,000,000
1	2025001	To	2030000	2,029,342
1	2045001	To	2050000	2,048,500
4	2095001	To	2100000	8,400,000
1	2150001	To	2155000	2,155,000
1	2160001	To	2165000	2,161,500
2	2165001	To	2170000	4,339,000
1	2175001	To	2180000	2,179,500
1	2195001	To	2200000	2,200,000
1	2235001	To	2240000	2,237,500
1	2245001	To	2250000	2,250,000
1	2260001	To	2265000	2,261,500
1	2295001	To	2300000	2,300,000
1	2305001	To	2310000	2,308,000
1	2330001	To	2335000	2,335,000
3	2345001	To	2350000	7,050,000
1	2395001	To	2400000	2,400,000
1	2415001	To	2420000	2,420,000
1	2425001	To	2430000	2,428,500
1	2450001	To	2455000	2,454,000
8	2495001	To	2500000	20,000,000
1	2500001	To	2505000	2,503,500
1	2505001	To	2510000	2,508,967
1	2550001	To	2555000	2,553,500
2	2565001	To	2570000	5,134,500
1	2595001	To	2600000	2,600,000
1	2645001	To	2650000	2,650,000
2	2685001	To	2690000	5,378,000
1	2705001	To	2710000	2,710,000
2	2715001	To	2720000	5,436,375
1	2720001	To	2725000	2,725,000
1	2815001	To	2820000	2,819,000
1	2920001	To	2925000	2,924,000
1	2955001	To	2960000	2,956,500
1	2960001	To	2965000	2,964,000
4	2995001	To	3000000	11,998,500
1	3005001	To	3010000	3,005,500
1	3040001	To	3045000	3,040,500
1	3095001	To	3100000	3,100,000
2	3195001	To	3200000	6,400,000
1	3245001	To	3250000	3,250,000
3	3285001	To	3290000	9,860,500
1	3395001	To	3400000	3,400,000
1	3435001	To	3440000	3,437,676
1	3455001	To	3460000	3,457,000
2	3495001	To	3500000	7,000,000
1	3525001	To	3530000	3,528,500
1	3575001	To	3580000	3,578,500

Number of Shareholders	Shareholding Slabs			Total Shares Held
1	3695001	To	3700000	3,700,000
1	3725001	To	3730000	3,726,000
1	3745001	To	3750000	3,750,000
1	3850001	To	3855000	3,850,746
1	3945001	To	3950000	3,950,000
3	3995001	To	4000000	12,000,000
1	4205001	To	4210000	4,210,000
1	4245001	To	4250000	4,250,000
1	4255001	To	4260000	4,260,000
2	4395001	To	4400000	8,800,000
1	4405001	To	4410000	4,406,000
1	4420001	To	4425000	4,423,775
2	4495001	To	4500000	9,000,000
1	4665001	To	4670000	4,669,500
1	4745001	To	4750000	4,750,000
1	4875001	To	4880000	4,878,000
1	4885001	To	4890000	4,890,000
1	4975001	To	4980000	4,978,500
6	4995001	To	5000000	30,000,000
1	5140001	To	5145000	5,143,500
1	5200001	To	5205000	5,205,000
2	5260001	To	5265000	10,530,000
1	5295001	To	5300000	5,300,000
1	5345001	To	5350000	5,350,000
2	5395001	To	5400000	10,800,000
1	5430001	To	5435000	5,433,750
1	5445001	To	5450000	5,445,500
1	5545001	To	5550000	5,549,500
1	5795001	To	5800000	5,800,000
1	5945001	To	5950000	5,945,500
1	6000001	To	6005000	6,005,000
1	6015001	To	6020000	6,020,000
1	6395001	To	6400000	6,400,000
2	6620001	To	6625000	13,249,500
1	6720001	To	6725000	6,721,500
1	6825001	To	6830000	6,825,500
1	6955001	To	6960000	6,956,000
4	6995001	To	7000000	28,000,000
1	7000001	To	7005000	7,001,000
1	7245001	To	7250000	7,245,750
1	7250001	To	7255000	7,252,000
1	7695001	To	7700000	7,700,000
1	8285001	To	8290000	8,285,125
1	8430001	To	8435000	8,432,000
1	8495001	To	8500000	8,500,000
1	8800001	To	8805000	8,801,500
1	9095001	To	9100000	9,100,000
1	9250001	To	9255000	9,254,500
1	9495001	To	9500000	9,500,000
1	9665001	To	9670000	9,670,000

Number of Shareholders	Shareholding Slabs			Total Shares Held
1	9705001	To	9710000	9,706,969
1	9995001	To	10000000	10,000,000
1	10105001	To	10110000	10,109,500
1	10810001	To	10815000	10,813,000
1	10945001	To	10950000	10,950,000
1	10995001	To	11000000	11,000,000
1	11045001	To	11050000	11,048,500
1	11140001	To	11145000	11,143,000
1	11620001	To	11625000	11,623,000
1	12260001	To	12265000	12,264,000
1	12495001	To	12500000	12,500,000
1	12875001	To	12880000	12,878,000
1	12925001	To	12930000	12,926,000
1	13155001	To	13160000	13,157,500
1	14355001	To	14360000	14,355,500
1	15005001	To	15010000	15,010,000
1	15095001	To	15100000	15,100,000
1	16510001	To	16515000	16,514,500
1	16795001	To	16800000	16,800,000
1	16975001	To	16980000	16,979,500
1	17095001	To	17100000	17,100,000
1	17130001	To	17135000	17,131,500
1	17670001	To	17675000	17,674,500
1	17735001	To	17740000	17,740,000
1	17970001	To	17975000	17,973,000
1	18495001	To	18500000	18,500,000
1	18995001	To	19000000	19,000,000
1	19395001	To	19400000	19,400,000
1	19630001	To	19635000	19,633,042
1	19995001	To	20000000	20,000,000
1	21240001	To	21245000	21,243,000
1	21445001	To	21450000	21,450,000
1	21980001	To	21985000	21,985,000
1	22495001	To	22500000	22,500,000
1	23705001	To	23710000	23,707,500
1	29995001	To	30000000	30,000,000
1	31610001	To	31615000	31,613,000
1	32915001	To	32920000	32,917,688
1	33095001	To	33100000	33,095,500
1	36920001	To	36925000	36,923,500
1	45995001	To	46000000	46,000,000
1	46715001	To	46720000	46,719,000
1	50255001	To	50260000	50,255,500
1	59995001	To	60000000	60,000,000
1	103010001	To	103015000	103,014,000
1	142535001	To	142540000	142,539,000
1	6726910001	To	6726915000	6,726,912,278
1	18335540001	To	18335545000	18,335,542,673
26093				27,615,194,246

## ڈائریکٹرز کا انتخاب

سال کے اختتام کے بعد، ڈائریکٹرز کا انتخاب ہوا جس میں درج ذیل ڈائریکٹرز کا تقرر کیا گیا:

1. مارک جیرارڈ اسکیلین (چیئرمین)
2. سید منس عبد اللہ علوی (CEO)
3. ادیب احمد
4. ارشد مجید مہمند
5. بوڈے واٹن گھنیز ویتھینک
6. چوہدری خاقان سعد اللہ خان
7. ڈاکٹر عمران اللہ خان
8. مبشر شیخ
9. محمد کامران کمال
10. محمد زبیر موتی والا
11. سعد امان اللہ خان
12. سعدیہ نریم
13. شان اے اشعری

## آڈیٹرز

موجودہ قانونی آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، PwC نیٹ ورک کی ایک رکن فرم، ریٹائرڈ اور اہل ہونے کے بعد، دوبارہ تقرری کے لیے خود کو پیش کیا۔ بورڈ آڈٹ کمیٹی (BAC) اور بورڈ کی سفارشات کی بنیاد پر 13 اکتوبر 2021 کو سالانہ اجلاس میں عام کمیٹی کے شیئرز ہولڈرز نے انہیں مالی سال 2022 کے لیے کمیٹی کے قانونی آڈیٹرز کے طور پر دوبارہ مقرر کیا۔

## شکھائی الیکٹریک پاور (SEP) کا حصول

شکھائی الیکٹریک پاور (SEP) نے اکتوبر 2016 میں، کمیٹی میں 66.4% حصص کے حصول کے لیے KES پاور لمیٹڈ (ہولڈنگ کمیٹی) کے ساتھ فروخت اور خریداری کا معاہدہ کیا جو قابل اطلاق حکومتی منظور یوں کی وصولی اور دیگر شرائط کے اطمینان سے مشروط ہے۔ مطلوبہ منظور یوں میں تاخیر اور کی سالوں کی تاخیر کے باوجود، اس اسٹریٹیجک سرمایہ کار نے اپنی پوزیشن کا اعادہ کیا ہے اور 28 جون 2022 کو حصول کے لیے اپنے ارادے کا تازہ عوامی اعلان بھی جاری کیا ہے۔

SEP کا اے ای میں کنٹرولنگ حصص کا حصول نہ صرف پاور و بیویٹھن کی ضروریات کو پورا کرنے والے اجرات مندا نیز سرمایہ کاری کے منصوبے پر عمل درآمد کی راہ ہموار کرتے ہوئے آپریشنل بہتری کی رفتار کو آگے بڑھا سکے گا بلکہ یہ کراچی کے پاور انفراسٹرکچر اور پاکستان کے پاور سیکٹر کے تکنیکی منتظرانے کو تھیل کرنے میں بھی مثبت اثرات ثابت ہوگا۔

## مستقبل کی توقعات

پیچیدہ بیکرو انوائسٹمنٹ کے نتیجے میں معاشی سرگرمی کی رفتار میں کمی، کرنسی کی قدر میں انحطاط اور پالیسی کی بلند شرح مالی سال 2023 میں کمی کے منافع پر منفی اثرات مرتب ہوں گے۔ اے ای نے ایک متحرک آرگنائزیشن ہونے کے نئے نئی سالوں سے اپنے سفر میں لچک اور عزم کے ساتھ آگے بڑھے اور ترقی کی منازل طے کرتے، متعدد چیلنجوں پر قابو کا مظاہرہ کیا ہے اور آج بھی اپنے صارفین کو محفوظ اور قابل اعتماد بجلی فراہم کرنے کے اپنے وژن کو بروئے کار لانے کے لیے پُر عزم ہے۔

کمیٹی کی توجہ 900 میگا واٹ کے پردیجیٹل کی تکمیل، قابل تجدید منصوبوں کی ترقی، باہمی رابطوں پر مرکوز ہے، کمیٹی اہم مسائل کے حل کے لیے NEPRA اور دیگر اسٹیک ہولڈرز کے ساتھ رابطے میں رہے گی جس میں حکومتی اداروں سے قابل وصول رقوم اور NEPRA کی جانب سے بروقت اور پائیدار ٹریف کے تعین سمیت کمیٹی کی جائز قیمت کی منظوری شامل ہے۔

## اختتامیہ

آخری بات یہ ہے کہ کمیٹی متعلقہ حکومتی، ریگولیٹری اور بیرونی اداروں کے ساتھ مشغول رہتی ہے تاکہ بڑے پیمانے پر پاور سیکٹر اور بالخصوص پاکستان کی واحد پرائیویٹائزڈ اور عمومی طور پر مربوط پاور یوٹیلیٹی کمیٹی کے لیے، سرمایہ کاری کے قابل ماحول کو یقینی بنایا جاسکے۔ تمام اسٹیک ہولڈرز کے اجتماعی تعاون کی بدولت کمیٹی مستقبل کے لیے مثبت توقعات کو برقرار رکھتی ہے اور منافع بخش اور پائیداری کی طرف نظریں جمائے ہوئے ہے، اس کے ساتھ ساتھ صارفین کو سروس کی فراہمی کو بھی مستحکم کر رہی ہے۔

## اعترافات

بورڈ حکومت پاکستان، شیئرز ہولڈرز اور کمیٹی کے صارفین کا اُن کے تعاون اور مدد اور کمیٹی کے ملازمین کی حوصلہ افزائی پر ان کا شکریہ ادا کرتا ہے۔

مخائب و برائے بورڈ،

Mark Scudamore

مارک جیرارڈ اسکیلین  
چیئرمین

Syed Mansur

سید منس عبد اللہ علوی  
چیف ایگزیکٹو آفیسر

کراچی، 20 ستمبر 2022

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

خالد رفیع  
مارک جہراڑ اسکیلین  
مبشراہج شیخ  
محمد ماہد لاکھانی  
نویدا اسماعیل  
روحیل احمد  
سعدہ پیٹرم  
ساجد محمود قاضی  
شان اے اشعری  
سید مونس عبداللہ علوی  
ویہم بختر

- ب۔ مالی سال کے دوران کمپنی کی کاروباری سرگرمیوں اور ترقی اور کارکردگی کو اس ڈائریکٹرز رپورٹ میں شامل کیا گیا ہے۔
- ج۔ کمپنی کو درپیش بنیادی خطرے اور غیر یقینی صورتحال کو "کارپوریٹ گورننس اور کمپلائنس" سیکشن کے تحت "خطرات اور مواقع کی سالانہ رپورٹ" میں تفصیل سے بیان کیا گیا ہے۔
- د۔ مالی سال کے دوران کمپنی یا اس کے ذیلی اداروں کے کاروباری نوجیت سے متعلق کوئی تبدیلی نہیں ہوئی یا کوئی دوسری کمپنی جس میں کمپنی کو مالیاتی بیانات کے نوٹس میں ذکر کردہ کے علاوہ دلچسپی ہو۔
- ہ۔ آڈیٹرز رپورٹ میں ترمیم کے حوالے سے کوئی مواد نہیں تھا۔
- و۔ شیڈول ہولڈنگ کا بیڑ اور شیڈول ہولڈرز کی کنٹرول یزاس رپورٹ کے "اسٹیک ہولڈرز ٹیمٹ" سیکشن میں دستیاب ہیں۔
- ز۔ کمپنی آئی لینڈ میں قائم شدہ KES پاور لمیٹڈ کے۔ الیکٹرک لمیٹڈ کی ہولڈنگ کمپنی ہے۔
- ح۔ 30 جون 2022 کو ختم ہونے والے سال کے لئے فی حصص آمدنی (EPS) (بنیادی/گھٹا ہوا) 0.31 روپے تھی۔
- ط۔ کمپنی نے زیر جائزہ سال کے دوران منافع کی اطلاع دی ہے۔
- ی۔ کمپنی کے زیر 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 پورڈ آڈٹ کمیٹی (BAC) کرتی ہے اور پورڈ آڈٹ ڈائریکٹرز کو بھی رپورٹ کرتی ہے۔
- ل۔ عہد ناموں کی تفصیلات فنانشل اسٹیٹمنٹس کے نوٹس میں دستیاب ہیں۔ کمپنی کی مالی حالت پر اثر انداز ہونے والی کوئی مادی تبدیلیاں اور وعدے ایسے نہیں تھے جو کمپنی کے مالیاتی سال کے اختتام اور رپورٹ کی تاریخ کے درمیان وقوع پذیر ہوئے ہوں۔
- م۔ مستقبل کی ترقی، کارکردگی اور کمپنی کے کاروباری پوزیشن کو متاثر کرنے والے اہم رجحانات اور عوامل کو "مستقبل کی توقعات" کے تحت بیان کیا گیا ہے۔
- ن۔ اہم کاروباری منصوبے اور فیصلے اور ماحول پر اثرات کو "ماحولیاتی، سماجی، عمل داری اور پائیداری کے انتظام" سیکشن کے تحت شامل کیا گیا ہے۔
- س۔ زیر جائزہ سال کے دوران کمپنی کی جانب سے کارپوریٹ سماجی ذمہ داری کے حوالے سے کی جانے والی سرگرمیوں پر ایک رپورٹ "ماحولیاتی، سماجی، گورننس اور پائیداری کا انتظام" سیکشن کے تحت دلچسپی ہے۔

## پورڈ آڈٹ ڈائریکٹرز (BOD)

### پورڈ پر صنعتی تنوع

پورڈ تمام سطحوں پر تنوع اور شمولیت کی حوصلہ افزائی کرتا ہے اور پورڈ میں ایک خاتون نمائندہ موجود ہے۔

### ڈائریکٹرز اور پیشینہ

نئے ڈائریکٹرز کو خوش آمدید کہنے اور انہیں نہ صرف کمپنی کی آپریٹل سرگرمیوں، مقاصد اور کاروباری منصوبوں سے آگاہی دینے بلکہ کمپنی ایکٹ 2017، پاکستان اسٹاک ایکسچینج کی رول بک (PSX)، اسٹاک کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 (CGG)، کے ای ٹیمورٹم اور آرٹیکلز آف ایسوسی ایشن نیز کمپنی کے ضابطہ اخلاق کے مطابق ان کے قانونی فرائض اور ذمہ داریوں کے حوالے سے بھی ایک جامع اور پیشینہ پروگرام موجود ہے۔ جس سے آنے والے ڈائریکٹرز کو کمپنی اور تمام اسٹیک ہولڈرز کے مفادات کے تحفظ کے لیے آگاہی حاصل کرنے میں مدد حاصل رہتی ہے۔

### پورڈ ایویلیویشن

پورڈ آڈٹ ڈائریکٹرز آرگنائزیشن کے اسٹیک ہولڈرز کی طرف سے اپنی ذمہ داریوں سے آگاہ ہیں۔ ان کے فرائض کی انجام دہی اور اسٹاک کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی تعمیل میں ان کی مدد کرنے کے لئے، پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) نے روانہ پورڈ اور اس کی کمپنیز کے لیے ایک ایکسٹرنل انڈیپنڈنٹ ایویلیویشن کامیابی کے ساتھ پایہ تکمیل تک پہنچایا۔ اس ایویلیویشن نے پورڈ کی سال بھر کی سخت محنت اور کوششوں کی قدر افزائی کی۔

### پورڈ آڈٹ ڈائریکٹرز میں تبدیلیاں

اس مدت کے دوران درج ذیل تبدیلیاں رونما ہوئیں۔

- جناب محمد ماہد لاکھانی نے نان ایگزیکٹو ڈائریکٹر کے عہدے سے استعفیٰ دے دیا اور ان کی جگہ جناب نوید اسماعیل کا 06 اگست 2021 سے تقرر کیا گیا۔
- ڈاکٹر اجمل جتوئی نے نان ایگزیکٹو ڈائریکٹر کے عہدے سے استعفیٰ دے دیا اور ان کی جگہ جناب ساجد محمود قاضی کا 28 اکتوبر 2021 سے تقرر کیا گیا۔
- جناب جمیل اکبر نے نان ایگزیکٹو ڈائریکٹر کے عہدے سے استعفیٰ دے دیا اور ان کی جگہ مسٹر مارک جہراڑ اسکیلین کا 25 جنوری 2022 سے تقرر کیا گیا۔
- جناب ساجد محمود قاضی نے نان ایگزیکٹو ڈائریکٹر کے عہدے سے استعفیٰ دے دیا اور ان کی جگہ ڈاکٹر عمران اللہ خان کا 105 اپریل 2022 سے تقرر کیا گیا۔

نیٹ ورک کی حفاظت اور لاس میں کمی کو بہتر بنا کر بجلی کے نیٹ ورک کو سپورٹ کرنے کے لیے استعمال کی جائے گی۔

### آڈیٹرز کے مشاہدات

آڈیٹرز نے درج ذیل تین امور پر زور دیا ہے:

Unconsolidated فیئٹل اسٹیٹمنٹس سے منسلک نوٹ 32.1.1 میں وضاحت کے مطابق، حکومت کے زیر کنٹرول اداروں کے بقایا واجبات پر مارک اپ/ مالی چارجز کمپنی کے ذریعہ قابل ادائیگی ہوں گے لیکن یہ صرف اسی صورت میں ہوگا جب اسے کمپنی کے پبلک سیکٹر کے صارفین کے Tariff Differential Claims اور توانائی کے واجبات کی مد میں بقایا قابل وصول بیلنس پر مارک اپ ملے گا۔

Unconsolidated فیئٹل اسٹیٹمنٹس سے منسلک نوٹ 14.1 کی وضاحت کے مطابق، جو کہ نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی (NEPRA) کے پاس زیر التوا تجارتی قرضوں کے معافی کے گیمز کے سلسلے میں معافی کی وضاحت کرتا ہے۔

Unconsolidated فیئٹل اسٹیٹمنٹس کے نوٹ 32.1.5 کی وضاحت کے مطابق، سپریم کورٹ آف پاکستان نے 13 اگست 2020 کے اپنے فیصلے کے ذریعے گیس انفراسٹرکچر ڈیولپمنٹ کمپنیز (GIDC) ایکٹ 2015 کو درست قرار دیا ہے۔ اس سلسلے میں، کمپنی کا مقدمہ سندھ ہائی کورٹ میں زبر التوا ہے۔ اس بنیاد پر دیگر کے علاوہ، کمپنی ان گیس صارفین کی کینگری میں آتی ہے جنہوں نے اپنی گیس میں GIDC جمع نہیں کرایا اور نہ ہی اسے وصول کیا ہے اور نہ ہی اسے اپنے صارفین تک پہنچایا ہے۔

### لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی تعمیل

بورڈ کمپوزیشن	
13	30 جون 2022 تک ڈائریکٹرز کی کل تعداد
1	(i) خاتون
12	(ii) مرد
-	(iii) عارضی خالی آسامی
کمپوزیشن	
1	(i) آزاد ڈائریکٹر
12	(ii) نان ایگزیکٹو ڈائریکٹرز (بشمول آزاد ڈائریکٹر)
1	(iii) ایگزیکٹو ڈائریکٹرز

### بورڈ کمیٹی

اس سالانہ رپورٹ میں بورڈ کمیٹی کے ارکان کے نام "کمپنی انفارمیشن" میں درج ہیں۔

### بورڈ کے معاوضے کی پالیسی

بورڈ نے 25 جون 2020 کو منعقدہ اپنی 1216 ویں میٹنگ میں نان ایگزیکٹو ڈائریکٹرز کے لئے معاوضے کی پالیسی کی منظوری دی ہے جو قابل اطلاق کارپوریٹ ریگولیٹری فریم ورک کے مطابق ہے۔ نان ایگزیکٹو ڈائریکٹرز کی منظور شدہ معاوضے کی پالیسی کی نمایاں خصوصیات درج ذیل ہیں:

افیس کا جائزہ ہر تین سال بعد لیا جائے گا۔

ب۔ مذکورہ جائزہ ہمیشہ قابل اطلاق کارپوریٹ ریگولیٹری فریم ورک کی تعمیل کرے گا اور اس کی انجام دہی معروضی انداز میں کی جائے گی۔

ج۔ معاوضے کی سطح موزوں ذمہ داری و پیشہ ورانہ جہارت کی سطح کے مطابق ہوگی جو کہ کارپوریٹ اور سماجی مقاصد کو کامیابی کے ساتھ حاصل کرنے کے ساتھ قدر افزائی کی حوصلہ افزائی کے لئے کمپنی کے امور انجام دینے کے لئے درکار ہے۔

معاوضے کی مجموعی رقم کی تفصیلات، ایگزیکٹو اور نان ایگزیکٹو کے لئے الگ الگ بشمول تنخواہ/فیس، تھانے، فوائے اور کارکردگی سے منسلک مراعات وغیرہ فیئٹل اسٹیٹمنٹس کے نوٹس میں دستیاب ہیں۔

### کمپنیز ایکٹ 2017 کی تعمیل

فیئٹل اسٹیٹمنٹس کمپنی کے حالات اور اس کے معاملات کا منصفانہ جائزہ، اس کے آپریشنز کے نتائج، کشش فلورا اور ایجوٹی میں تبدیلیاں پیش کرتے ہیں۔ کمپنی نے دوبارہ سرمایہ کاری کے تقاضوں اور کچھ قرض دہندہ گان کے باعث ڈیویڈنڈ/ بونس شیئرز کا اعلان نہیں کیا ہے۔

ان افراد کے نام، جو مالی سال کے دوران کسی بھی وقت، کمپنی کے ڈائریکٹرز تھے درج ذیل ہیں:

ادیب احمد

اسد علی شاہ

چوہدری خاتون سعد اللہ خان

ڈاکٹر امجدی مہین

ڈاکٹر عمران اللہ خان

جمیل اکبر

مزید برآں، جی 2022 میں، NEPRA-G کو CPPA-6 کو 6 ماہ کے ڈرائی رن پیریڈ کے ساتھ مارکیٹ آپریٹنگس جاری کیا۔ نتیجے کے طور پر، فی الحال CTBCM regime کے متعلق ڈرائی رن سرگرمیاں جاری ہیں۔ کے ای سی ماسٹریٹس کی جانب سے قابل عمل منتقلی کے سلسلے میں NEPRA سمیت متعلقہ اسٹیک ہولڈرز کے ساتھ انتہائی مصروف عمل ہے جس میں کلیدی پالیسی اور ریگولیٹری معاملات میں، جون 2023 کے بعد کا تیرف ایک لازمی حصہ ہوگا۔

### قومی بجلی منصوبہ

قومی بجلی پالیسی 2021 میں فراہم کردہ پالیسی گائیڈ لائنز کے نفاذ کے لیے، 15 سال کے تناظر کے ساتھ ایک پانچ سالہ قومی بجلی منصوبہ تیار کیا جانا ہے جس میں اسٹریٹجی کا موٹو، ٹائم لائنز، اور متعلقہ اداروں کی ذمہ داریوں کو شامل کیا جائے گا تاکہ اسٹریٹجک مقاصد کا حصول پورا کیا جاسکے جس میں اسٹریٹجک مقاصد، انرجی سکیورٹی، انرجی ایکیویٹی اور مالیاتی عملداری، پائیداری، گورننس اور نوویشن شامل ہے۔

قومی بجلی کی پالیسی 2021 کی منظوری کے بعد، قومی بجلی کے منصوبے کے لئے بات چیت اور مشاورت کا عمل شروع ہوا جس میں وزارت توانائی (پاور ڈویژن) کی زیر سرکردگی متعدد فوئکس گروپ سیشن کا انعقاد شامل تھا اور کینی متعلقہ اسٹیک ہولڈرز کے ساتھ ایک مفصل بیان کردہ قومی بجلی کے منصوبے کی ترقی کے لیے مصروف کار ہے۔

### ملٹی ایئر ٹیرف

#### MYT مڈ ٹرم جائزہ

ایکیویٹی پر جائزہ ریزن (RoE) پر USD انڈیکسیشن کے اثرات کے ازسرنو جائزے، سرمایہ کاری کے منصوبے میں ضروری نظر ثانی کی وجہ سے ہونے والی تبدیلیوں اور دیگر ایڈجسٹمنٹ کے ساتھ کینی کی ورکنگ کمیٹی کی ضروریات کے تناظر میں، کینی نے 11 مارچ 2020 کو NEPRA کے پاس مڈ ٹرم ریویو (MTR) پیشین داری کی، جو کہ MYT کے فیصلے مورخہ 5 جولائی 2018 میں شامل طریقہ کار کے مطابق ہے۔

NEPRA نے یکم مارچ 2022 کو MTR پر اپنے فیصلے کا اجرا کیا (MTR فیصلہ) جس میں NEPRA نے PKR 0.22/kWh کی نیچے کی جانب ایڈجسٹمنٹ کا تعین کیا۔ NEPRA نے اپنے فیصلے میں 138 ارب روپے کی اضافی سرمایہ کاری کی درخواست کی اجازت نہیں دی۔ اس سرمایہ کاری کا مقصد بجلی کی فراہمی، پائیداری، اور خدمات کی سطح کو بہتر بنانا ہے، ورکنگ کمیٹی کی اجازت نہیں دی گئی، RoE انڈیکسیشن کے لئے شرح مبادلہ کی جزوی تبدیلی کی اجازت دی گئی ہے جبکہ دیگر ایڈجسٹمنٹ پر غور نہیں کیا گیا ہے۔ مابوں ہونے کے بعد، کینی نے ایبٹ ٹریبیٹل میں ایک ایبل دائرہ ہے۔ کینی ایبٹ ٹریبیٹل میں اپنے جائزہ خدمات/مسائل کی پیروی کرے گی۔ تاہم، ہنٹا طرے سے، PKR 0.22/kWh کا نیچے کی جانب ایڈجسٹمنٹ کا اثر 30 جون 2022 کو ختم ہونے والے سال کے مالیاتی بیانات میں ریکارڈ کیا گیا ہے۔

### ریگوری لاس کے لئے دائرہ کار اخراجات کی زیر التوا منظوری

کینی مالی سال 2017 سے مالی سال 2021 کی مدت کے لئے ریگوری لاس کے عوض لاگت سمیت زیر التوا، سہ ماہی ٹیرف کے تغیرات کے تعین میں تیزی لانے کے لئے NEPRA کے ساتھ مسلسل رابطے میں ہے۔ (تا قابل وصول بلوں کی اصل معافی کے سلسلے میں، KE کے MYT کے تحت اجازت دی گئی ہے) NEPRA کے فراہم کردہ طریقہ کار کے مطابق کلیم کیا گیا۔

مالی سال 2017 سے مالی سال 2021 تک کے کلیم NEPRA کی منظوری کے لئے زیر التوا ہیں۔ مالی سال 2022 کے عارضی گھبر کی تصدیق ایکسٹرنل آڈیٹرز نے کر دی ہے اور حتمی گھبر مقررہ وقت پر NEPRA کے پاس دائرہ کر دیے جائیں گے۔

ان درخواستوں کی وقت پر منظوری، کینی کی پائیداری اور منصوبہ بند سرمایہ کاری کے نفاذ کے لئے اہمیت کی حامل ہے۔

### MYT پوسٹ 2023

کے ای سی NEPRA کی جانب سے 7 سال کے کنٹرول کی مدت کے لئے ایک مربوط MYT دیا گیا جو جون 2023 میں اختتام پذیر ہوگا۔ موجودہ MYT سے مستفید ہونے اور پاور سیکٹر میں جاری تبدیلیوں بشمول نیٹ ورک اور سپلائی کا کاروبار علیحدہ لائسنس یافتہ سرگرمیاں، CTBCM ڈائل کا نفاذ، اور مجوزہ ملک بھر میں مرکزی اقتصادی تربیل کو مدنظر رکھتے ہوئے، کے ای سی جزیں، ٹرانسمیشن، ڈسٹری بیوشن نیٹ ورک اور ڈسٹری بیوشن سپلائی کے لئے الگ الگ ٹیرف فائل کرنے کا ارادہ رکھتی ہے۔

### فنانسنگ اپ ڈیٹس

#### لیکویڈٹی اور کپیٹل اسٹریکچر

فیول کی قیمتوں میں بے تحاشہ اضافے کی وجہ سے ٹیرف ڈیفیشنل گھبر (ٹی ڈی سی) کی قابل وصول رقم مع دیگر سرکاری ٹیکسوں اور اداروں کے ذمے بقایا قابل وصول رقم نے کینی کی کیش فلو پوزیشن کو بری طرح متاثر کیا ہے۔ کیش فلو کی اس ضرورت کا انتظام بینکوں اور دیگر مالیاتی اداروں کے توسیعی اور مسلسل تعاون کے ذریعے کیا جا رہا ہے۔

### کمرشل پیپرز / قلیل مدتی سکوک

مالی سال 2022 کے دوران کینی نے اپنے کمرشل پیپر (CP) پروگرام کو کئی طور پر رکھے گئے 6 اگ الگ اسلامی کمرشل پیپر ز اور 6 ماہ کی مدت کے ایک روایتی کمرشل پیپر کے اجراء کے ذریعے جاری رکھا جس میں سے ہر ایک کی رقم تقریباً 30.5 ملین روپے ہے۔ مزید برآں، کینی نے شارٹ ٹرم سکوک (STS) پروگرام بھی شروع کیا ہے جس کے تحت 6 ماہ کی مدت کے 6 اگ الگ نجی طور پر رکھے گئے سکوک سٹریٹجی جاری کیے گئے ہیں جن کی مالیت تقریباً 28 ملین روپے ہے جو پہلے جاری کیے گئے ICPs کے کچھ ٹریڈ اور جزوی طور پر اضافی ورکنگ کمیٹی کی ضروریات کو فنانس کرنے کے لیے جاری کیے گئے تھے۔ کے ای سی کے KCP اور STS پروگرامز کو کپیٹل مارکیٹ کی مسلسل حمایت نے نہ صرف کینی کو متنوع قرضوں کے پورٹ فولیو کو برقرار رکھنے کے اہل بنایا ہے بلکہ کینی کے اسٹریٹجک منصوبوں کی حمایت کے لئے کچھ بینکوں کی مالیاتی حدود کو بھی زیر استعمال لایا گیا۔

### 900 MW BQPS-III Project کے لیے فنانسنگ

مختلف چینلوں اور منظوری کے طویل طریقہ کار کے باوجود، کینی نے اپریل 2022 میں BQPS-III فنانسنگ سہولیات کے مالیاتی اختتام کو کامیابی سے حاصل کیا۔ غیر ملکی اور مقامی سہولیات کے تحت حاصل کردہ زیادہ تر وعدوں کی تکمیل کر دی گئی ہے۔

### فنانسنگ کی سہولیات

کے ای سی نے ٹرانسمیشن اور ڈسٹری بیوشن نیٹ ورک کو بہتر روئینج کرنے کے لئے، Société de Promotion et (FMO) Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. سے 100 ملین USD سٹریٹجی فنانسنگ حاصل کر کے ایک اور سنگ میل عبور کیا۔ یہ سٹریٹجی سہولت (Proparco Participation pour la Cooperation Economique)، ڈیج اور فرانسس ترقیاتی مالیاتی اداروں سے بالترتیب 100 ملین USD سٹریٹجی فنانسنگ حاصل کر کے ایک اور سنگ میل عبور کیا۔ یہ سٹریٹجی سہولت

کے ای گریں اور اقتصادی ذرائع سے بجلی پیدا کرنے کے لئے پرعزم ہے اور اس نے NEPRA کے متعلقہ ضوابط کے تحت مقرر کردہ مسابقتی بولی کے ذریعے بلوچستان کے دندر، اٹھل اور بیلا اضلاع میں IPP ڈھانچے کے تحت 3x50 میگا واٹ کے شمسی توانائی کے منصوبے کا آغاز کر دیا ہے۔ پری کوآپٹیکیشن ایویلیویشن پروسس کے ذریعے منتخب ہونے والے ممکنہ بولی دہندہ گان کو درخواست برائے پرو پوزل (RFP) کی دستاویز جاری کر دی گئی ہے جس میں پرو جیکٹ کی فریم ورک شامل ہیں، جو NEPRA میں منظوری کے مراحل میں ہیں۔ مزید برآں، پراجیکٹ سائٹس کے لئے زمین مختص کرنے کا عمل حکومت بلوچستان (GoB) کے ساتھ جاری ہے۔ اس کے علاوہ کے ای کی جانب سے حب بیلہ راہداری کے ساتھ موجودہ 66kV ٹرانسمیشن نیٹ ورک کی بحالی اور اپ گریڈیشن کا کام 132kV (ٹرانسمیشن لائن اور گرڈ اسٹیشن دونوں پر) جاری ہے۔ ٹرانسمیشن اپ گریڈ کے ساتھ سولر پروڈیکشن سے قابل اعتماد اور با کفایت بجلی کی فراہمی کو یقینی بنانا، متعلقہ ترقی دروازہ کے بہتر مواقع اور خطے کی سماجی و اقتصادی ترقی کی راہ کو بہتر کرنا ہے۔

مسابقتی بولی کے فریم ورک کے ذریعے 350 میگا واٹ کی صلاحیت کے سولر پروڈیکشن کے قیام کے لیے، کمپنی نے زیر جائزہ مدت کے دوران سندھ انرجی ڈیپارٹمنٹ (SED) اور ورلڈ بینک (WB) کے ساتھ مفاہمت کی ایک یادداشت (MoU) پر دستخط کیے ہیں۔ یہ قدم سندھ انرجی پروڈیکشن (SSEP) کا حصہ ہے، جو SED، حکومت سندھ اور ورلڈ بینک کے درمیان اشتراک ہے۔ SSEP کا مقصد صوبہ سندھ میں شمسی توانائی کی پیداوار اور بجلی تک رسائی کو بڑھانا ہے۔ اس سرفہرٹی تعاون کے نتیجے میں کے ای کی بجلی سپلائی میں اضافی 700 GWh صاف توانائی حاصل ہونے کی توقع ہے، جبکہ کاربن کے اخراج میں 300-350 کلوٹن سالانہ کی کمی واقع ہوگی۔ پرو جیکٹ فی الحال زمین کے جائزے کے مرحلے میں ہے جس میں مختص جگہ اور قیمتوں کے تعین کے لئے متعلقہ حکام کی منظوری کے ساتھ ساتھ سائٹ ایلیکشن کو حتمی شکل دینا شامل ہے جس کے بعد فریقین مسابقتی بولی کے عمل کو شروع کرنے کے لئے فریم ورک اسٹریٹجی اور RFP کی ڈیولپمنٹ کا عمل شروع کریں گے۔ منصوبے کی متوقع تکمیل مالی سال 2025 ہے۔

کے ای مقامی فیول اور وسائل کے استعمال سے اپنے فیول کے اخراجات کو کم کرنے کے لئے پرعزم ہے۔ اس ضمن میں، کم سے کم لاگت کی بنیاد پر قابل اعتماد فراہمی کو شامل کرنے کے مقصد سے، کے ای مقامی طور پر دستیاب کوئلے کی بنیاد پر بیس لوڈ پاور پراجیکٹس تیار کرنے اور وہ بینک کے ذریعے شمال سے براہ راست ہائیڈرو پاور حاصل کرنے کے آپشنز بھی فعال طور پر زیر غور ہیں۔

سات سالہ ڈسٹری بیویشن پلان تیار کیا گیا ہے۔ جس کے تحت شہر کو محفوظ، قابل بھروسہ اور بلا تعطل بجلی کی فراہمی کے کمپنی کے وژن کے ساتھ مطابقت رکھنے والے اسٹریٹجک اہداف کو ہم آہنگ کیا جائے گا۔ اسے NEPRA سے منظوری کے لیے ٹریف جمع کرانے کے طریقہ کار کے تحت جمع کیا جائے گا۔

### Government of Pakistan اور NEPRA کا تعاون درکار ہے

کمپنی اپنے مضبوط سرمایہ کاری کے منصوبے کے لئے پرعزم ہے جس کا مقصد صارفین اور پاکستان کی معیشت کو فائدہ پہنچانا ہے۔ تاہم، اہم مسائل کا حل جس میں حکومتی اداروں اور محکموں کے ذمے بڑھتے ہوئے واجبات کی وصولیوں، نیشنل گرڈ سے سپلائی پر یقینی ہونے کے ای کی اپنی پیداواری لاگت کو بہتر بنانے کے لئے گیس کی فراہمی اور بروقت ریگولیریٹی منظوری کراچی کو بجلی کی پائیدار فراہمی کے لیے پیشگی شرائط ہیں۔

کمپنی متعلقہ اسٹیک ہولڈرز بشمول سرکاری محکموں اور اداروں کے ساتھ ساتھ NEPRA کے ساتھ مسلسل رابطے میں ہے اور پراعتماد ہے کہ تمام اسٹیک ہولڈرز کے اجتماعی تعاون اور پائیدار اسٹریٹجی میں منصوبہ بند سرمایہ کاری کے نفاذ سے کراچی زندگی سے بھرپور میگا پلس میں تبدیل ہو جائے گا۔

### حکومتی اداروں اور محکموں کے ذمے قابل وصول رقوم میں اضافہ

30 جون 2022 تک، مختلف وفاقی اور صوبائی اداروں کے ذمے کے ای کی خالص قابل وصول رقوم، پرنسپل بیس پر تقریباً 26 بلین روپے تھی۔ فیول کی قیمتوں میں حالیہ اضافے اور کے ای کو مقامی گیس کی فراہمی کی عدم فراہمی کے نتیجے میں کے ای کے ٹریف ڈیفریٹسٹل کمیونٹی میں اضافہ ہوا ہے جو GoP سے وصول کیے جا سکتے ہیں جیسا کہ اس ڈائریکٹرز رپورٹ کے سیکشن "فنانسنگ اپ ڈیٹ" میں مزید تفصیل سے درج ہے۔

گزشتہ سہ ماہی میں فیول کی قیمتوں میں نمایاں اضافے کے ساتھ ساتھ سرکاری اداروں اور محکموں کی جانب سے کے ای کی ٹریف کے قابل وصول رقوم کے اتوا کا عمل جاری رہنے کے باوجود، کے ای نے صارفین کے بہترین مفاد میں جمع شدہ نقد رقم سے فیول فراہم کرنے والوں کو ادائیگیوں کا انتظام کیا تاکہ بجلی کی دستیابی کے کسی بھی ذرائع پر کھٹوتہ نہ کیا جائے۔

قابل وصول رقوم کے بیک لاگ کا کمپنی کی کٹس ٹلو پوزیشن پر لازمی اثر پڑتا ہے اور اس کے نتیجے میں پورا انفراسٹرکچر میں سرمایہ کاری کی رفتار کو بڑھانے کی صلاحیت متاثر ہوتی ہے۔ تاہم، کے ای کے ساتھ ساتھ اس شعبے کی بڑے پیمانے پر پائیداری کے لئے ضروری ہے کہ حکومت سمیت تمام فریقین اس دیرینہ مسئلے کو قانون کے مطابق حل کرنے کے لیے ایک دوستانہ حل تک پہنچیں۔

مزید برآں، پاور پراجیکٹس ایگریمنٹ (PPAA)، انٹر کنکشن ایگریمنٹ (ICA) اور قومی گرڈ سے سپلائی اور سبسڈی کے اجراء کے لئے ٹریف ڈیفریٹسٹل سبسڈی (TDS) کا معاہدہ متعلقہ فریقوں کے ذریعے شروع کیا گیا ہے، اور ضروری منظور یوں کے بعد اس پر عمل کیا جائے گا۔

### مسابقتی منظر نامہ اور مارکیٹ پوزیشننگ

سیکٹر کے موجودہ اسٹریٹجی کے تحت، پاور ڈسٹری بیویشن کمپنیوں کو اپنے ڈسٹری بیویشن لائسنس کی مبادا کے اختتام تک اپنے متعلقہ سروس ایریا میں پاور کی فروخت اور تقسیم کرنے کے خصوصی حقوق حاصل ہیں، جس کی توثیق معزز اسلام آباد ہائی کورٹ نے بھی اپنے حکم مورخہ 8 جولائی 2021 میں کی ہے۔

تاہم، مسابقتی تجارتی دو طرفہ کنٹریکٹ مارکیٹ (CTBCM) ماڈل کے نفاذ کے ساتھ پاکستان میں ریگولیریٹی منظر نامے میں تبدیلی وقوع پذیر ہونے والی ہے۔ جس کا مقصد موجودہ ڈسٹری بیویشن کمپنیوں کے خصوصی ڈسٹری بیویشن لائسنس کی مبادا ختم ہونے پر بلک بھر میں بجلی کی ایک مسابقتی ہول سیل مارکیٹ متعارف کرانا ہے۔ اس کے مطابق، CTBCM regime کے تحت، 1MW یا اس سے زیادہ پاور کے حامل بلک پاور صارفین (BPC) کو اپنی پسند کے سپلائی کے ساتھ دو طرفہ معاہدے کرنے کا موقع میسر آئے گا۔

NEPRA نے 12 نومبر 2020 کو اپنے عزم کے ذریعے CTBCM کے تفصیلی ڈیزائن کی منظوری دی، تاہم، کے ای کو ہدایت کی کہ وہ متعلقہ اسٹیک ہولڈرز کی مشاورت سے سی ٹی بی ای کی طرف منتقلی کے اپنے منصوبے کا جائزہ لے اور اسے تیار کرے۔ اس طرح، NEPRA کی ہدایات کی تعمیل میں، کے ای نے متعلقہ اسٹیک ہولڈرز کے ساتھ تفصیلی مشاورت کے بعد ایویلیویشن اور انٹیکریٹیشن پلان جمع کروا دیا ہے۔

کے ای اپنی ایویلیویشن اور متعلقہ اسٹیک ہولڈرز کے ساتھ مشاورت بھی کرتا رہا ہے، جہاں کمپنی قومی بجلی کی پالیسی 2021 کی رو اور پاکستان میں مسابقتی ہول سیل بجلی کی مارکیٹس کے قیام کے لیے CC&E کے منظور شدہ اصولوں کے مطابق ایک پائیدار اور منظم منتقلی کو یقینی بنانے کی کوشش کر رہی ہے۔

یہ اس نقطہ نظر سے کیا جاتا ہے کہ :

- صارفین کی جانب سے زیادہ توجہ دہی سے کام کریں۔
- Silos سے سفر کی جانب توجہ مرکوز کریں
- تبدیلی کو قبول کریں اور اسے انجام دیں

### ڈیجیٹل ٹرانزیشن کے اقدامات

مالی سال 2022 میں، کے ای نے اپنے معزز صارفین سے رابطہ کاری کے لیے کامیابی کے ساتھ نئے ڈیجیٹل پینلز متعارف کرائے ہیں۔

واٹس ایپ برائے کے ای (اردو زبان کی سہولت کے ساتھ)، پاکستان میں پاور یوٹیلیٹی کی جانب سے پیش کردہ اس قسم کی پہلی سروس ہے جو مالی سال کے دوران 342,000 صارفین کو سبسکرائب کرنے میں کامیابی سے ہمکنار ہوئی۔

مزید برآں، ایکسپریس سینیٹرز میں Queue Management System (QMS) کے آغاز سے مؤثر ٹریڈ ٹیکنیک مینجمنٹ کے ذریعے انتظار کا وقت کم کرنے میں مدد ملی ہے۔ اس کے علاوہ صارفین کی رسائی کو بڑھانے اور سہولت فراہم کرنے کے لیے، کے ای نے شہر کے مضافات میں نئے انٹیکریٹڈ ہاؤس سینیٹرز آن ڈیو (IOW) اور کنزرویٹو فیڈ بیلنڈنگ سینیٹرز (CFC) بھی قائم کیے ہیں۔

ڈیجیٹل ٹرانزیشن کے دیگر اقدامات جن میں صارفین کی مرکزیت پر توجہ مرکوز کی گئی ہے، ان میں شامل ہیں:

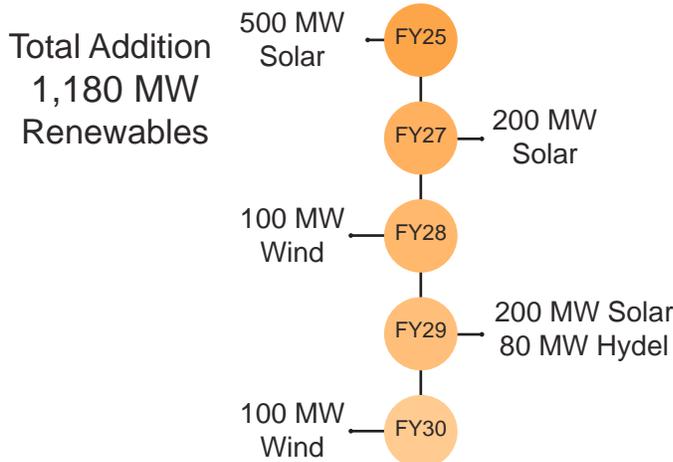
- انٹرایکٹیو واٹس رسپانس (IVR) کے ذریعے بلیف سروس کے استعمال کو اضافے، صارفین کو خدمات فراہم کرنے اور آپریشنل کارکردگی کو بڑھانے کے لیے Solution Contact Center کے بنیادی انفراسٹرکچر کو اپ گریڈ کرتا ہے۔
- کے ای کے SMS براڈ کاسٹ ہینڈ وڈتھ میں ایک گھنٹے میں SMS کے ذریعے 1.5 ملین صارفین تک پہنچنے کی صلاحیت میں اضافہ
- اسمارٹ فون ایپ KE Live میں بہتری جس کے استعمال کے رجحان میں اضافہ دیکھا گیا
- کمپنی نے صارفین اور اسٹیک ہولڈرز کو اپنے ساتھ مسلسل رابطے میں رکھنے کے لیے ڈیجیٹل کیونٹیکشن ٹولز یعنی سوشل میڈیا جیسے فیس بک، ٹویٹر، لکڈ ان اور انسٹا گرام کے استعمال کو بھی جاری رکھا۔ ایک جائزے کے مطابق، مالی سال کے دوران ایک قابل ذکر اقدام کمپنی کے سوشل میڈیا چینلز کے ذریعے KE انیوٹریشن کی نشریات کا آغاز ہے۔

کے ای نے متعدد پلیٹ فارمز کے ساتھ بھی شراکت داری کی ہے:

- دراز، ایچ بی ایل، کنیکٹ اور بینک الفلاح میں بل کی ادائیگیوں اور ڈیجیٹل چینلز کو فروغ دینے کے لیے صارفین کو کیش بیکس اور ڈسکاؤنٹ کی صورت میں تزییب دے کر براؤنچ پلیس بینکنگ کو بڑھا جا رہا ہے۔
  - کے ای کی ویب سائٹ / ایپ کے ذریعے بل کی ادائیگی کرنے کے لیے NIFT e-Pay اور صارفین کو بینک ٹرانسفر کی سہولت کا استعمال کرتے ہوئے بلوں کی ادائیگی کی جانب راغب کرتا ہے۔
  - پیپریس بلینگ اقدام پر دستخط کرنے والے صارفین کو "ڈسکاؤنٹ ورلڈ وچرز Buy One Get One" پیش کرتا ہے۔
  - FOODPANDA اور CAREEM کا مقصد صارفین کی رسائی کو بڑھانا ہے تاکہ انہیں KE انیوٹریشن کے ساتھ ایک کرنے کی تزییب دی جاسکے۔
  - بینک الفلاح اپنے صارفین کو بینک کی سوبائل ایپلیکیشن (الفایپ) اور بینک الفلاح انٹرنیٹ بینکنگ کے ذریعے ڈیجیٹل ادائیگی کا حل اور مراعات پیش کرتا ہے۔
  - متعدد دیگر بینک براؤنچ پلیس بینکنگ اور پیپریس بلینگ اقدامات کو فروغ دیتے ہیں۔
- رسائی کو بڑھانے کی غرض سے ان کوششوں کے نتیجے میں، KE کے 60% سے زائد صارفین روایتی پینلز سے متبادل پینلز پر منتقل ہو چکے ہیں۔

### KE کے طے شدہ منصوبے - مختصر، درمیانی اور طویل مدتی مقاصد

پاکستان کے معاشی تناظر میں کراچی کی جغرافیائی اہمیت اور کے ای کے سروس ایریا میں بجلی کی بڑھتی ہوئی طلب کو مد نظر رکھتے ہوئے، کے الیکٹرک نے مقامی وسائل کے استعمال پر توجہ مرکوز کرتے ہوئے ایک مضبوط اور جرات مند سرمایہ کاری کا منصوبہ تیار کیا ہے جو کہ بھاری، درآمدی فیول کے بلوں سے قومی خزانے پر بوجھ کو کم کرنے کے لیے قابل تجدید ذرائع (بشمول آئیل رو)، اور سکوٹی پالسیوں کے ساتھ ہم آہنگی جیسے کہ لاگت مقامی فیول پر مبنی بجلی کے منصوبوں کو شامل کرنے کے لیے قومی بجلی کی پالیسی سے مطابقت کا حامل ہے۔ اسی بات کو مد نظر رکھتے ہوئے، کے الیکٹرک نے 2,172 میگا واٹ کے مجموعی اضافے کی منصوبہ بندی کی ہے جس میں 1,180 میگا واٹ (ہائڈیل کے ساتھ) قابل تجدید ذرائع شامل ہیں، جو کہ مالی سال 30 کے اٹن پر محیط ہیں:



کپن کا فلیگ شپ پروجیکٹ۔ سر بلندی، جو ابتدائی طور پر مالی سال 2020 میں شروع کیا گیا تھا، اپنے تیسرے مرحلے میں ترقی پانچا ہے، جس سے کمیونٹی کی بہتری کے ساتھ نقصانات کو کم کرنے کے ہدف کو آگے بڑھایا گیا ہے۔ مالی سال 2022 کے دوران، سسٹم سے 300,000 کلوگرام سے زیادہ غیر قانونی کنڈے ہٹا دیئے گئے ہیں، اور کل 12,500 پاول ماؤنڈ ٹرانسفر مرز (PMT) کو ایبیل بنڈل کنٹینر (ABC) میں تبدیل کر دیا گیا ہے، اس کے ساتھ رواں سال لوکاسٹ میٹرا سکیم کے تحت تقریباً 200,000 سے زیادہ نئے میٹر لگائے گئے۔

مزید برآں، صارفین پر مزید توجہ مرکوز کرنے اور ان کے لیے سہولیات و خدمات کے دائرہ کار کو وسعت دینے کی غرض سے، کپن نے اپنے کسٹمر فیڈبیک سینیٹر (CFC) کو شہر بھر میں اظہارہ مقامات تک پھیلا دیا ہے۔ کے ای نے پرانے نادہندہ گان سے واجبات کی وصولی کے لیے "عہدہ اسکیم" کا بھی آغاز کیا جس میں انہیں باقاعدہ ادائیگیوں پر حوصلہ افزائی کے لیے پرکشش قسطوں کے پلان پیش کیے گئے۔ اسی طرح مالی سال 2022 میں، واجبات کی وصولی کے لیے شہر میں علاقائی بنیادوں پر مخصوص ری بیٹ اسکیمز میں متعارف کروائی گئیں۔ یہ وہ علاقے ہیں کہ جہاں کے الیکٹریک کو اسن واماں سے متعلق شدید مسائل کا سامنا ہے۔ مالی سال 2022 میں "عہدہ اسکیم" کے تحت 99,000 سے زائد صارفین 3.6 بلین روپے کی کامیاب ریکوری کے ساتھ رجسٹرڈ ہوئے۔

ڈسٹری بیوشن نیٹ ورک میں مالی سال 2022 کے دوران نمایاں تکنیکی بہتری دیکھنے میں آئی، فیڈرک بندش میں 28 فیصد کی اور اس عرصے کے دوران صارفین کی شکایات میں نمایاں کمی دیکھی گئی۔ یہ بہتر کارکردگی بنیادی طور پر انتہائی فعال مینٹینینس اور گورننس کے اقدامات جیسے 170 سے زائد فیڈرز کی احتیاطی مینٹینینس، 540 اور لوڈ ڈسٹری بیوشن ٹرانسفر مرز کو ریلیف تحفظ اور آکسیولینڈ ڈیو آس کے اضافے، اور موثر نیٹ ورک ڈیزائن کی مہم منست ہے۔

مزید برآں، میٹریٹا نیٹ سسٹم (MDMS) کے تجزیاتی ماڈل کو دسمبر 2021 میں لائیو بنایا گیا۔ اس نے بہتر فیصلہ سازی کے لئے ڈیٹا کی مؤثر جانچ پڑتال کو فعال کیا اور ساتھ ہی یہ تجزیاتی ماڈل تکنیکی اور تجارتی نقصانات، بلنگ اور وصولی، نیٹ ورک کی صحت اور پائیداری کا تقابلی تجزیہ بھی فراہم کرتا ہے۔ MDMS نے ڈیٹا کی دستیابی، ایسٹ ٹیکنگ، نیٹ ورک کی درجہ بندی اور صارفین کی میپنگ کے ذریعے گورننس بڑھانے میں ہماری صلاحیت کو مزید بڑھایا۔ تمام بڑی KPI رپورٹنگ کو MDMS Analytics میں منتقل کیا جا رہا ہے تاکہ اسے پوری آرگنائزیشن میں ڈیٹا کے واحد ذریعے کے طور پر قائم کیا جاسکے۔

مزید برآں، ہائی ٹینشن (HT) نیٹ ورک کی ڈیجیٹائزیشن مکمل ہونے پر، صارفین کی سطح تک لوٹیشن (LT) نیٹ ورک کی ڈیجیٹائزیشن کا آغاز کر دیا گیا ہے۔

مذکورہ بالا کے علاوہ اور ویلیو میں مزید اضافے کے لئے، تمام ڈسٹری بیوشن آپریشنز پر تعینات ورک فورس ٹیموں سلوشن کے استعمال کو بہتر بنانے کے ضمن میں اقدامات کا سلسلہ جاری ہے۔ جو پیش گوئی کے تجزیہ اور فعال منصوبہ بندی کے لیے راہ ہموار کرتے ہوئے میٹرل کے استعمال اور ریولوشن کے وقت ہونے والی غلطی کی حد کو دیکھے جانے کی صلاحیت دے گا۔

## نیٹ ورک سیفٹی اور پروٹیکشن کو بڑھانے کے لیے اقدامات

اپنے نیٹ ورک کی پائیداری اور حفاظت کو مضبوط بنانے کے لیے اپنے عزم کے جزو کے طور پر، کے ای کا اپنے ارتھنگ پراجیکٹس کا دوسرا مرحلہ جاری ہے جس کے تحت سسٹم کو اضافی حفاظت اور تحفظ فراہم کرنے کے لئے تمام LT پلاز پر چلنے والی ارتھ وائر کو ثانوی تحفظ کے طور پر نصب کیا جا رہا ہے جبکہ کے ای سسٹم میں HT پلاز پر ڈبل ارتھ وائر پیلے سے بی نصب شدہ ہیں۔ کے ای نے کسی بھی گمشدہ پول کی شناخت کے لئے ایک جامع عمل بھی شروع کر دیا ہے جس کی شناخت ہونے پر انہیں زمین بند کر دیا جائے گا۔

NEPRA کی جانب سے جولائی اور اگست 2020 میں موصولہ بارشوں کے دوران ہونے والی میدیو عوامی بلاکتوں پر عائد کیے گئے جرمانے کے حوالے سے، کپن نے 11 اگست 2021 کے فیصلے کے خلاف ایک تفصیلی نظر ثانی کی اپیل دائر کی، جس پر NEPRA نے بعض معاملات پر کے ای کے موقف کو قبول کیا اور عائد جرمانے پر نظر ثانی کی۔ کپن نے احتجاجاً 33.5 بلین روپے کا نظر ثانی شدہ جرمانہ ادا کر دیا ہے اور NEPRA کے حکم کے خلاف اپیلٹ ٹریبیونل میں اپیل دائر کر دی ہے جس میں بتایا گیا ہے کہ زیادہ تر بد قسمتی کے واقعات خراب اندرونی گھریلو وائرنگ، برقی آلات کے غیر محفوظ استعمال، کے ای کے نیٹ ورک کے ارد گرد غیر جانبدار تعمیرات اور بجلی کے کھمبوں پر غیر قانونی کنڈیکشن کی وجہ سے پیش آئے۔

سسٹمی فرسٹ کچر فوری واپس لینے اور عزم دینے و ذہن نشین کرانے کے لئے، کے ای نے مالی سال 2021 میں تمام برنس پینٹس میں پروسیس سٹیٹس مینٹننس (PSM) کے نفاذ کا آغاز کر دیا ہے۔ یہ سسٹم مرکز مداحوں، شناخت شدہ خطرات اور سسٹم کے گپ/کمی کو دور کرنے اور آرگنائزیشن میں حفاظتی مقاصد پر مناسب صحت بندی کو یقینی بنانے کے لئے متعارف کرایا گیا تھا۔ اس پر عمل درآمد ڈیو پونٹ سسٹم (DSS) کی مدد سے، مالی سال 2021 کے بعد کے فرق کے تجزیہ کے ای سیفٹی مینٹننس سٹریٹجی مارکنگ کے بعد ہوا۔ اسے اگلے دورے پر لے جانے کے لئے، مالی سال 07، PSM پینٹنٹس تیار کیے گئے، اور عمل کو بہتر بنانے کی دہائی کے آرگنائزیشن میں ثقافتی تبدیلی لانے کے لئے اسی طرح نافذ کریں۔ جنوری 2022 میں ڈسٹری بیوشن فٹنٹس کے لیے سسٹمی ویک کا انعقاد کیا گیا تاکہ تمام لزامز میں کے ای کے کام کی جگہ پر حفاظتی کچر فوری واپس لیا جاسکے۔ مجموعی طور پر 7,366 ملازمین کو PSM سے متعلق مختلف موضوعات پر 12,189 تربیتی واقعات کار کے لئے تربیت دی گئی۔

کپن کی HSEQ پالیسی اور HSEQ مینول میں بھی اس سال نظر ثانی کی گئی تاکہ IFC کی کارکردگی کے معیارات، NEPRA اور سیفٹی کوڈ اور PSM پینٹنٹس کے ساتھ صحت بندی کو یقینی بنایا جاسکے۔

رواں سال متعدد میٹنگز، PSM اور پینٹنٹس پر تربیت اور ملازمین کی حوصلہ افزائی کے لئے "انٹیگر ٹیلڈ آرگنائزیشن سٹریٹجی" کو یقینی بنایا گیا۔ نتیجے کے طور پر، سسٹمی کمیٹیاں تشکیل دی گئی ہیں اور اپنی متعین فریکوئنسی کے مطابق کام کر رہی ہیں۔ اس وقت کپن میں تقریباً 850 HSE کمیٹیاں ہیں، جن میں فیملڈ ورکرز سے اعلیٰ انتظامیہ تک مختلف نمائندگان موجود ہیں۔ حفاظت سے متعلق، اپنے عزم کو مزید یقینی بنانے کے لئے، KE نے نیٹ ورک کی چک اور عوامی تحفظ کو بہتر بنانے کے لئے HT اور LT کے اثاثوں کی دوبارہ تصدیق کے لیے پبلک ایکٹیویٹیز پر یوشن پلان (PAPP) جیسے اقدامات کیے ہیں جوئی اعمال 99% تکمیل کی شرح پر ہیں۔

مزید برآں، ڈسٹری بیوشن کے کاروبار میں حفاظتی رہنما اصولوں کی تعمیل کو یقینی بنانے کے لئے، فیملڈ اسٹاف کے لیے تربیت اور تہذیب کا پاسپورٹ تیار کیا گیا تھا، جو عمل کی جانب سے شرکت کرنے والی تربیتوں اور آگاہی کے مختلف سیشنز پر نظر رکھتا ہے۔ اس کے علاوہ، تمام فیملڈ اسٹاف کے لئے روپے کی حفاظت کے انتظام کے سیشنز بھی شروع کیے گئے ہیں تاکہ فیملڈ میں حفاظت کے کچر فوری واپس لیا جاسکے۔ حفاظتی پالیسیوں اور طریقہ کار کی پابندی کو یقینی بنانے کے لئے پینٹی کی قیادت کی طرف سے حفاظتی آڈٹ بھی کیے گئے، جو کہ حفاظت سے متعلق اپنی عزم کا اظہار کرتے ہیں۔

حالانکہ صارفین کے نرخ اور ٹیکس بجلی کی تقسیم کارکنوں کے کنٹرول سے باہر ہیں تاہم دونوں میں حالیہ اضافے کے نتیجے میں کے ای کے مقامات اور عملے کے خلاف عوامی احتجاج کے واقعات رونما ہوئے ہیں۔ کے الیکٹریک پرامن طریقے سے احتجاج کرنے کی شہری حق کا احترام کرتا ہے لیکن عملے اور سہولیات کے خلاف تشدد کو برداشت نہیں کیا جاسکتا ہے۔ ان دونوں کی حفاظت کو یقینی بنانے کے لئے قانون نافذ کرنے والے اداروں کے ساتھ ساتھ شہر کی انتظامیہ سے بھی تعاون طلب کیا گیا ہے۔ نیران دونوں کی حفاظت کے لیے شہری انتظامیہ اور آپریشنز سے مدد لی جاتی ہے۔ ان حالات میں بھی، ہمارے صارفین کو متبادل مقامات اور ڈیجیٹل پورٹل کے ذریعے 24/7 خدمات فراہم کی جاتی رہیں۔ صارفین کی ایک تک رسائی کے لئے ڈیجیٹل ٹرینیشن اور بڑھتے ہوئے آپشنز صارفین کو بہت پلس متبادل بہت کم پینٹنٹس کے لئے ادا کیے گئے ہیں۔

## صارف کا تجربہ

کے ای صارفین کے تجربے کو بہتر بنانے کے لیے مسلسل نئی راہوں کی تلاش میں ہے۔ کپن صارفین کے تاثرات کو مختلف پلیٹ فارمز کے ذریعے ہاتھ دنگی سے حاصل کرتی ہے تاکہ ان کے تجربے سے مزید استفادہ کیا جاسکے۔

## آپریٹل کارکردگی میں اور ویلیو چین میں مسلسل سرمایہ کاری

### جنریشن

مالی سال 2022 کے دوران، کے ای کو 900 میگا واٹ کے RLNG سے چلنے والے پاور پروجیکٹ (BQPS-III) کے کمپنڈ سائیکل کے پہلے یونٹ اور تیس لوڈ میسٹ آپریشن کی مطابقت شروع ہونے پر دی مسرت ہے۔ اس پیش رفت میں پاکستان ایس این جی لمیٹڈ (پی ایل ایل) کے ساتھ RLNG کی فراہمی کے معاہدے پر دستخط اور سبزی ٹرانسفر ایشیئن سے بن تاسم پمپس تک گیس کی فراہمی کے لیے اس پر پائپ لائن کی تعمیر بھی شامل ہے۔ یہاں یہ امر شامل کیا جاتا ہے کہ جولائی کے آخر تک عمل کاری کی مدت کے تحت، پروجیکٹ کنٹرولنگ کی جانب سے شاندار ٹیسٹنگ کے دوران مشین ٹرپ کر گئی۔ توقع ہے کہ روٹ کارزایا سائرس (RCA) کو OEM کے جانب سے اکتوبر میں شیفر کیا جائے گا اور اس دوران، پروجیکٹ کنٹرولنگ نے گیس ٹرپائن پر متوازی طور پر بحالی کا کام شروع کر دیا ہے اور اکتوبر میں اس کی دوبارہ بحالی متوقع ہے۔

مزید برآں، یونٹ 2 کا تعمیراتی کام بھی تیزی سے جاری ہے اور ستمبر 2022 کے آخر تک گڑ کے ساتھ ہم آہنگی متوقع ہے، جس کو آپریشن پوسٹ ٹیسٹنگ اور کمیشننگ میں ستمبر 2022 کے بعد مزید 4 سے 8 ہفتے لگ سکتے ہیں۔

مزید برآں، رواں سال کو رنگی کمانڈ سائیکل پاور پلانٹ (KCCPP) میں بلیک سٹارٹ صلاحیت کو کامیابی سے کیٹن کیا گیا۔ جس نے کے ای کو آئی پی ہیز اور نیشنل گڑ پر انحصار کم کرنے کے قابل بنایا ہے جو کہ مختصر وقت پر مشتمل ہے۔ اس طرح نیٹ ورک پر بجلی ایکسپورٹ کرنے کے لیے کے ای کی تکنیکی صلاحیت میں گراں قدر اضافہ ہوا۔

ان کلیدی سنگ میلوں کے علاوہ، کمپنی نے اپنے موجودہ پیدوار پلانٹس میں مینٹینینس کی سرگرمیوں میں سرمایہ کاری جاری رکھی جس کے نتیجے میں فلیٹ کی کارکردگی اور اعتبار میں بہتری آئی۔

### ٹرانسمیشن

ٹرانسمیشن انفراسٹرکچر کے زیادہ سے زیادہ استعمال اور بجلی کی فراہمی میں بھرپور سہمندی کو یقینی بناتے ہوئے میٹرو پولیس کی بڑھتی ہوئی بجلی کی طلب کے انتظام کے لیے، کے ای نے 2030 تک طویل مدتی ٹرانسمیشن کا توسیعی منصوبہ تیار کیا ہے۔

نیشنل گڑ میں اضافی صلاحیت کے منظر نامے کو مد نظر رکھتے ہوئے، کے ای نے گڑ کے قیام اور انٹر کنکشن کے کاموں میں مصروف ہے۔ جس سے نیشنل گڑ سے 1100 میگا واٹ کے علاوہ اضافی بجلی پیدا کی جائے گی۔ اس ضمن میں 500kV کی سطح پر نئے گڑ کے قیام کا عمل جاری ہے جس کے لیے زمین حاصل کر لی گئی ہے۔ جبکہ نئے 220 kV اور 220kV ڈھانچے انٹر کنکشن کی تعمیر تیزی سے جاری ہے۔ ان گڑ اور انٹر کنکشن کے کاموں کی تکمیل پر، الیکٹرک نیشنل گڑ سے اضافی بجلی ایکسپورٹ کرنے کے قابل ہو جائے گا جس کی کل مقدار 2,050 میگا واٹ ہو جائے گی، جو کے ای کو سسٹم کی بھرپور سہمندی میں اضافے کے ساتھ آنے والے سالوں میں طلب کو منظم کرنے کے قابل بنائے گا۔

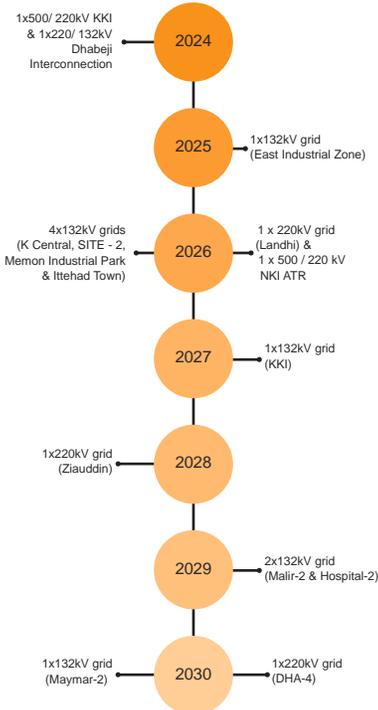
مالی سال 17 سے 22 سال تک موجودہ ٹریف کنٹرول کی مدت کے دوران، اپنے صارفین کو مسلسل قابل اعتماد اور پائیدار بجلی کی فراہمی فراہم کرنے کے لیے، کے ای نے 7 گڑ اسٹیشنز اور 42 پاور ٹرانسفارمرز کے اضافے کے ذریعے اپنی ترسیلی صلاحیت میں اضافہ کیا ہے، جس میں موجودہ گڑ اسٹیشنز اور پاور ٹرانسفارمرز کی بحالی بھی شامل ہے، اس کے ذریعے ٹرانسمیشن کی صلاحیت میں 1,703 MVAs کے خالص اضافے سے ٹرانسفارمیشن کی صلاحیت میں 5,100 MVA سے 6,803 MVA تک پہنچ گئی۔ مزید برآں، اس عرصے کے دوران سسٹم میں 20 نئی ٹرانسمیشن لائنیں شامل کی گئی ہیں جس سے ٹرانسمیشن کی لمبائی میں 105 کلومیٹر کے اضافے سے پورے نیٹ ورک کی لمبائی 1,354 کلومیٹر ہو گئی ہے۔

مزید برآں، BQPS-III پروجیکٹ کے تحت ٹرانسمیشن انفراسٹرکچر کی اپ گریڈیشن جس میں دو اہم لوڈ گڑز اور 2 انٹر کنکشن گڑز اسٹیشنوں کو بڑھانا بھی مراحل میں ہے۔ KCCPP اور لاندھی گڑز فعال ہیں، جبکہ ٹیم آباد اور ICI گڑز پر کام جاری ہے۔

مذکورہ بالا پروجیکٹس کے علاوہ، پاور ٹرانسفارمرز کی شمولیت کے ذریعے ہائی پریڈ اسٹولینڈ سوچ گیز (HIS) اور گیس انسولینڈ سوچ گیز (GIS) گڑز اسٹیشنز (دووں میں) کے اضافے کے ساتھ 132kV bays اور اس سے منسلک MV سوچ گیزز کا کام جاری ہے۔ پروجیکٹ آنے والے لوڈ میں اضافے کے ساتھ ساتھ نامیاتی طلب اور صنعتی ترقی کو بھی پورا کرے گا۔ بشمول ٹرانسمیشن لائنوں کی ری کنڈکٹنگ اور انسولیشن کی آئی وی کوٹنگ پروجیکٹس جاری ہیں جن کا مقصد سسٹم کی بھرپور سہمندی کو بہتر بنانا ہے۔

مزید برآں، کے ای نیٹس ٹریف کنٹرول پیئر ڈیکسٹ، تین (3) نئے 220kV گڑز اور آٹھ (8) 132kV گڑز اسٹیشنز کے اضافے کے ذریعے ٹرانسمیشن انفراسٹرکچر کو وسعت دینے کی منصوبہ بندی کر رہا ہے تاکہ مستقبل میں لوڈ میں اضافے کو پورا کیا جا سکے۔ مزید برآں، نیٹ ورک کی بھرپور سہمندی کو یقینی بنانے کے لیے موجودہ گڑز اسٹیشنز کے آلات اور تقریباً 200 کلومیٹر ٹرانسمیشن لائنوں کی بحالی کا بھی منصوبہ بنایا جا رہا ہے۔ مذکورہ بالا کے علاوہ، 500kV/220kV آٹو ٹرانسفارمر اور اس سے منسلک Bays کے اضافے کے ذریعے INKI انٹر کنکشن میں اضافہ کا منصوبہ بنایا جا رہا ہے تاکہ نیشنل گڑ اور نیو جنریشن پروجیکٹس سے بڑھتی ہوئی توانائی حاصل کی جا سکے جس کی منصوبہ بندی تھر کے علاقے میں وہیلیگ کے ذریعے کی جا رہی ہے۔ سسٹم کی کارکردگی کو بہتر بنانے اور ٹرانسمیشن نقصان کے پروفائل کو بہتر بنانے کے لیے مختلف پروجیکٹس کا بھی منصوبہ بنایا گیا ہے۔

بڑے پروجیکٹس انٹر کنکشن، 220kV اور 132kV گڑز کی ٹائم لائن درج ذیل ہے:



مزید یہ کہ، کمپنی نے بڑھتے ہوئے لوڈ پروفائل کو پورا کرنے کے لیے اپنی سروس ایریا کے دیہی/مضافاتی حصوں میں بنیادی انفراسٹرکچر کی اپ گریڈیشن پر اہم سرمایہ کاری کی ہے جس سے ان علاقوں میں معاشی سرگرمیوں کو بھی سہولت ملے گی۔ اس سلسلے میں، بحالی کے متوازی طور پر، وندر، اٹھل، پیلہ میں گڑز کو بڑھانے کا بھی منصوبہ بنایا گیا ہے تاکہ 66 kV سے 132 kV کی سطح تک اپ گریڈیشن کو شامل کرنے کے ساتھ تہذیبی کی صلاحیت اور بھرپورے کو بڑھانے کے لیے بشمول نئی لائنوں کی ابتدا N-1 پیکنگی صورتحال کی فراہمی کو بھی شامل کیا جائے۔

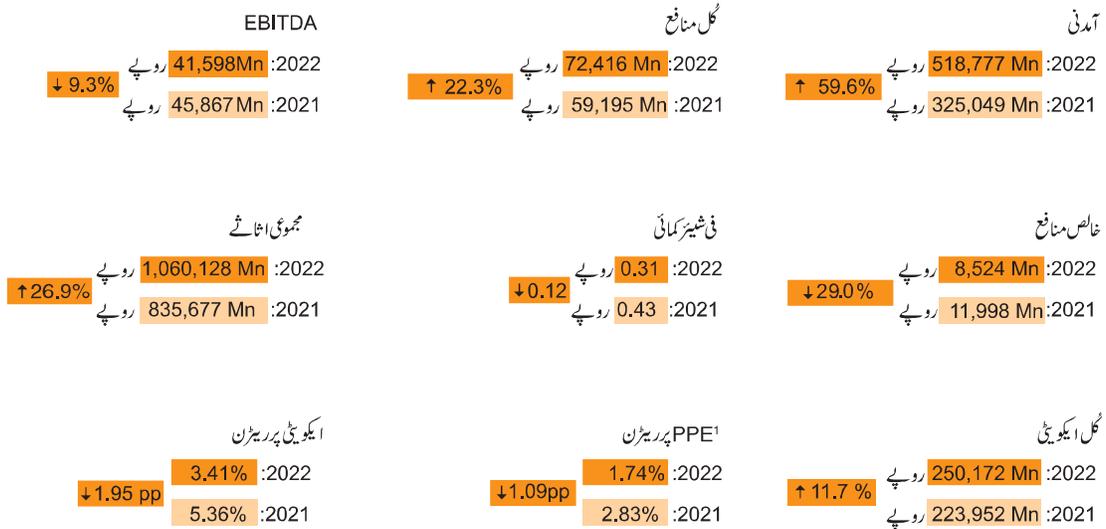
### ڈسٹری بیوشن

نقصان میں کمی، حفاظت اور نیٹ ورک بنیاد کو بہتر بنانے کے ہدف کو حاصل کرنے کے لیے، کمپنی نے تقسیم کے مختلف منصوبوں میں پیش رفت جاری ہے۔ یہ بات خوش آئند ہے کہ ڈسٹری بیوشن نے اپنے تمام اہداف کو جٹ کے مطابق اور تجارتی اور تکنیکی اہداف کے لیے حاصل کیا۔ اس میں تقسیم کا نقصان، ریکوری، SAIFI، SAIDI اور بندشیں شامل ہیں۔

## ڈائریکٹرز رپورٹ

ہم بورڈ آف ڈائریکٹرز کی طرف سے 30 جون 2022 کو ختم شدہ سال کے حوالے سے کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

## مالیاتی کارکردگی



1. Propert , Plant & Equipment

## مالی جائزہ

راون سال، میکرو اکنامک انوائٹمنٹ سمیت مختلف چیلنجز کے باوجود، کمپنی نے پاور ویلیو چین میں تقریباً 62.8 بلین روپے کی سرمایہ کاری کی اور T&D نقصانات کو 17.5% سے کم کر 15.3% کر دیا اور پیچھے گئے پونٹ میں 1.6% کے اضافے کے ساتھ، کلیدی آپریشنل اینڈ کیلنڈر میں مثبت نمو دکھانے کا عمل جاری رکھا۔ یہ بہتر کارکردگی مڈ ٹرم ریویو (MTR) فیصلے کے باعث اس سال اضافی 9.5 بلین روپے کے منفی اثرات کی وجہ سے جزوی طور پر تقابلی صورت میں پیش کی گئی۔ ان آپریشنل بہتریوں کے سبب کمپنی کے مجموعی منافع میں گزشتہ سال کے مقابلے میں 22% کا اضافہ ہوا۔

تاہم، پاکستانی روپے کی قدر میں گراؤ کی وجہ سے 9.0 بلین روپے کے زرمبادلہ کے نقصان کے سلسلے میں تین تین ایک طرف ایڈجسٹمنٹ اور بلند افراط زر کی وجہ سے مشتہ قرضوں کے مقابلے میں 9.1 بلین روپے کے نقصان میں اضافے، صارفین کے ٹیرف میں بڑھوتری اور موجودہ معاشی حالت جو صارفین کے ادائیگی کے رجحان کو متاثر کرتی ہے، EBITDA میں 9% کی کمی واقع ہوئی۔

مزید برآں، کمپنی کے ٹیکس سے پہلے منافع میں گزشتہ سال کے مقابلے میں تقریباً 63% کی کمی دیکھی گئی جس کی بنیادی وجہ مالیاتی لاگت میں 36% اضافہ ہے۔ یہ خاص طور پر قرض لینے کی مؤثر شرح میں اضافے اور گزشتہ سال کے مقابلے میں بڑے پیمانے پر قرض لینے کی وجہ سے ہوا۔ ٹیکس سے قبل منافع میں کمی کو جزوی طور پر آف سیٹ کیا گیا تھا جس کی وجہ غیر حقیقی ٹیکس نقصانات پر مؤثر شدہ ٹیکس آمدنی کو تسلیم کرنا تھا۔ تین تین ایک کے خالص منافع میں گزشتہ سال کے مقابلے میں 29% کمی ہوئی۔

## میکرو اکنامک انوائٹمنٹ

مالی سال 2022 کی پہلی ششماہی میں، معیشت COVID-19 وبائی امراض کے منفی سماجی و اقتصادی اثرات سے باہر آئی جس کے باعث گزشتہ سال سے معاشی سرگرمیوں میں بہتری آئی اور مالی سال 2022 کے دوران جی ڈی پی کی شرح نمو 5.97 فیصد دیکھی، جیسا کہ پاکستان اکنامک سروے 2022-2021 میں رپورٹ کیا گیا ہے۔

تاہم، مالی سال 2022 کی آخری سہ ماہی میں، بالخصوص مقامی اور بین الاقوامی دونوں محاذوں پر برادری سماجی و سیاسی چیلنجز کا سامنا رہا، جن کا نتیجہ میکرو اکنامک فیکٹرز پر پڑا۔ اقتصادی اثرات متعدد چیلنجز بشمول اجناس و مالیاتی مارکیٹوں اور بڑھتی ہوئی افراط زر اور پالیسی ریٹس کے ذریعے دوبارہ وقوع پذیر ہوئے ہیں۔

پاکستانی روپے کی قدر میں زبردست اخطا، بالخصوص مالی سال کی آخری سہ ماہی میں، عالمی منڈی میں IRLNG اور فرنس آئل کی قیمتوں میں غیر معمولی اضافے کے نتیجے میں بجلی کی مجموعی لاگت میں نمایاں اضافہ ہوا۔

بجلی کی قیمت میں اضافے کے علاوہ، بجلی کی قیمتوں میں بڑھوتری کی وجہ سے صارفین کے ادائیگی میں زوال پڑ رہا جس کے دوران، میکرو اکنامک فیکٹرز میں ناموافق عمل کی وجہ سے کمپنی کی مالیات زیر بار ہوئیں، بالخصوص تبادلے کے نقصان اور مالیاتی لاگت میں اضافے کی صورت میں جیسا کہ ڈائریکٹرز رپورٹ کے سیکشن "مالیاتی جائزہ" میں اس کی مزید وضاحت کی گئی ہے۔

ہم امید کرتے ہیں کہ حکومت معیشت کو مستحکم کرنے کے لئے راست اقدامات پر عمل پیرا ہوگی اور جون 2023 تک معاشی اشاریے بہتری کی جانب گامزن ہوں گے۔

# NOTICE OF 112<sup>th</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 112<sup>th</sup> Annual General Meeting (AGM) of K-Electric Limited will be held on Wednesday, 26 October 2022 at 10:30 Hours at Marquee Hall, Marriott Hotel, PO Box 1044, 09 Abdullah Haroon Road, Civil Lines, Karachi as well as through Electronic means / Video link facility to transact the following business:

## ORDINARY BUSINESS

1. i) To adopt minutes of the Annual General Meeting (AGM) held on 13 October 2021.  
ii) To adopt minutes of the Extra-ordinary General Meeting (EOGM) held on 29 July 2022.
2. To receive, consider and adopt the Annual Unconsolidated and Consolidated Audited Financial Statements of the Company (with the Directors' and Auditor's Reports thereon) for the financial year ended 30 June 2022.
3. To appoint External Auditor for FY 2023 and fix their remuneration.
4. Any other business with the permission of the Chair.

By order of the Board



**Rizwan Pesnani**

Chief Risk Officer & Company Secretary

Karachi: 05 October 2022

## NOTES:

### 1. Book Closure

The Share Transfer Books of the Company, for the purpose of attending and voting at AGM, will remain closed from 20 October 2022 to 26 October 2022 (both days inclusive). Transfer received at CDC Share Registrar Services Limited, CDC House 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 by the close of business on 19 October 2022 will be treated in time for the purpose of attending AGM.

### 2. For Personal Attendance

- (i) In case of individuals, the account holders or sub-account holders, whose registration details are uploaded as per the regulations shall authenticate his/her identity by showing his/her original CNIC or original passport at the time of attending the Meeting.
- (ii) In case of corporate entity, the certified Board of Directors' resolution / valid power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

### 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. Appointment of Proxy

- (i) 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 Company Secretary at the KE Corporate Affairs Department, First Floor, Block-A, Elander Road Power House, Off I.I. Chundrigar Road, Karachi no later than 48 hours before the time fixed for the Meeting. Please note that Form of Proxy received after the stated time would be considered as invalid.

- (ii) Shareholders (non-CDC) are requested to promptly notify to the Share Registrar of the Company, Messrs. CDC Share Registrar Services Limited, CDC House 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi of any change in their addresses. All the shareholders holding their shares through the CDC are requested to please update their addresses with their participants/Investor Account Services.
- (iii) CDC account holders will further have to follow the undermentioned guidelines as laid down in Circular 1 dated 26 January 2000 issued by the Securities & Exchange Commission of Pakistan.
- a. In case of individuals, the account holders or sub-account holders, whose registration details are uploaded as per the regulations shall submit the proxy form as per the below requirements:
    - i. Attested copies of valid CNIC or the passport of the beneficial owner(s) and the proxy shall be furnished with the Form of Proxy.
    - ii. The proxy shall produce his/her valid original CNIC or original passport at the time of the Meeting.
  - b. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with Form of Proxy to the Company.
  - c. The Form of Proxy must be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on that Form.
  - d. 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. Participation in AGM through Electronic Means

Shareholders interested in attending the AGM through Zoom application are hereby requested to get themselves registered with CDC Share Registrar Services Limited latest by 24 October 2022 at 10:30 Hours (PST) by sending an email with subject "Registration for KEL AGM" at [cdcsr@cdcsrsl.com](mailto:cdcsr@cdcsrsl.com) or send a message via WhatsApp on +92 321 820 0864 along with a valid scanned copy of their CNIC. While participating through electronic means, Members are advised to provide the following mandatory information:

Name of Shareholder	CNIC No.	Folio / CDS No.	Cell No.	Email Address

Members will be registered after necessary verification as per the above required information and will be provided with a video link at their provided email address. Login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after identification process.

## 6. 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, SECP vide its letter dated 26 March 2021 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 again requested to convert their shares into book-entry form.

### **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. Mandatory Registration Details of Physical Shareholders**

According to Section 119 of the Companies Act 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations 2018, all physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact mobile/telephone number, International Bank Account Number (IBAN), etc. to our Share Registrar at their address, provided in Note 1, immediately to avoid any non-compliance of law or any inconvenience in future.

### **9. 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.

### **10. Availability of Audited Financial Statements On Company's Website**

The Audited Financial Statements of the Company for the year ended 30 June 2022 have been made available on the Company's website [www.ke.com.pk](http://www.ke.com.pk).





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# پروکسی فارم

112 واں سالانہ اجلاس عام 2022ء

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 اجلاس عام بمقام مارکی ہال، میریٹ ہوٹل، 09, POBox 1044، عبداللہ ہارون روڈ، سول لائنز، کراچی۔ میں نیز الیکٹرانک ذرائع/ویڈیولنک کی سہولت کے ذریعے 26 اکتوبر 2022 کو صبح 10:30 بجے منعقد ہو رہا ہے یا اس کے ملتی شدہ اجلاس میں شرکت کر سکیں اور ووٹ ڈال سکیں۔

روز ..... بتاریخ ..... 2022 کو میرے/ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

\_\_\_\_\_ حصص کی تعداد

\_\_\_\_\_ شیئرز ہولڈر کا فولیو/اکاؤنٹ نمبر

\_\_\_\_\_ قومی شناختی کارڈ نمبر

\_\_\_\_\_ دستخط

\_\_\_\_\_ حامل پروکسی کا فولیو/اکاؤنٹ نمبر

\_\_\_\_\_ حامل پروکسی کا قومی شناختی کارڈ نمبر

\_\_\_\_\_ موبائل نمبر

ای میل:

\_\_\_\_\_ 1. گواہ:

\_\_\_\_\_ 2. گواہ:

\_\_\_\_\_ دستخط:

\_\_\_\_\_ نام:

\_\_\_\_\_ قومی شناختی کارڈ نمبر:

\_\_\_\_\_ پتہ:

\_\_\_\_\_ 1. گواہ:

\_\_\_\_\_ دستخط:

\_\_\_\_\_ نام:

\_\_\_\_\_ قومی شناختی کارڈ نمبر:

\_\_\_\_\_ پتہ:

نوٹ:

1. پروکسی کے باضابطہ طور پر مکمل شدہ فارم، میٹنگ کے لیے مقررہ وقت سے 48 گھنٹے پہلے کمپنی سیکرٹری کے پاس کے ای کارپوریٹ افیئرز ڈیپارٹمنٹ، پہلی منزل، بلاک-A، ایلینڈ روڈ پاور ہاؤس، آف آئی آئی چندریگر روڈ، کراچی 74200 پر جمع کرائے جائیں۔
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 جاسکتا ہے جس کے لیے تصدیق شدہ مختار نامے یا بورڈ کی قرارداد کی نقل پروکسی (نائب) کی تقرری کے سلسلے میں لازمی منسلک کی جائے گی۔
3. اگر پروکسی سی ڈی سی کا بینیفٹری اوزر ہے تو اس کے قومی شناختی کارڈ نمبر یا پاسپورٹ کی تصدیق شدہ نقل لازمی طور پر منسلک کی جائے گی۔
4. یہ پروکسی (نائب) اجلاس عام کے وقت اپنا اصل جائزہ عمل قومی شناختی کارڈ یا پاسپورٹ لازمی پیش کرے گا۔
5. اگر کوئی ممبر ایک سے زیادہ پروکسی اور ایک سے زیادہ انسٹرومنٹس آف پروکسی کمپنی کے پاس کسی ممبر کی جانب سے جمع کرواتا ہے تو ایسے تمام انسٹرومنٹس آف پروکسی عمل درآمد کے لیے ناجائز قرار دے دیئے جائیں گے۔



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