



CAD/PSX/24-03-004
15 March 2024

Ms. Zeest Zehra Jatoi
Officer, Listed Companies Compliance
Regulatory Affairs Department
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi 74000

Subject: Non-transmission of quarterly financial statements for the periods ended 30 September 2023 and 31 December 2023

Dear Madam,

This is with reference to your letter numbered PSX/Gen-371 dated 11 March 2024 in relation to the captioned subject wherein you have drawn attention towards statutory and regulatory requirements of transmitting quarterly financial statements of K-Electric Limited ("the Company") within the stipulated timeframe. In this regard, you have further referred to our earlier announcements made through PUCARS respectively on 16 October 2023 and 28 February 2024.

As already stated in our above-referred announcements, we would like to reiterate our contention that the Company is a regulated entity under the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (NEPRA Act) and prepares its financial statements in accordance with the tariff determined by National Electric Power Regulatory Authority (NEPRA).

The Company was awarded an integrated Multi-Year Tariff (MYT) by NEPRA for a control period of 7 years that expired in June 2023. Keeping in view the changing scenario of the power sector of Pakistan, the Company is engaged with NEPRA for award of tariff for the period subsequent to June 2023. While there have been significant progress in this entire exercise; tariff determinations for transmission, distribution and supply segments of the Company are yet to be completed by NEPRA. Therefore, in the absence of approved tariff determinations, the financial statements for the quarters ended 30 September 2023 and 31 December 2023 respectively could not be finalized.

Being a responsible corporate citizen, the Company has taken its apex regulators, i.e., NEPRA and the Securities and Exchange Commission of Pakistan (SECP), into confidence by clearly apprising the predicament that the Company is going through, which indicates that the Company manages its affairs transparently and it has no intention, whatsoever, to willfully frustrate or breach any applicable law or regulatory framework. It will, therefore, be the endeavour of the Company to comply with the applicable requirements that are within its control, in the best possible manner.

As regards the specific queries stated in your letter, we would like to inform you as under:

1. In response to our requests for relaxation from the requirement of circulation/transmission of quarterly financial statements, respectively for the both the aforementioned periods, SECP has highlighted the provisions of Companies Act, 2017 whereby there is no allowance for providing relaxation in such cases.

K-Electric Limited

39-B, KE House, Sunset Boulevard, Phase II, DHA, Karachi, Pakistan



2. As already submitted, it may kindly again be noted that the determination of award of MYT for the next control period, commencing from the current financial year, is still in process and the Company is continuously in contact with the NEPRA to expedite the process. The Company will only be able to prepare and disseminate its annual and quarterly financial statements once the MYT is awarded.

Given the above, we trust that Pakistan Stock Exchange Limited will appreciate the circumstances being faced by the Company and will deal with the matter accordingly.

Thanking you in anticipation,

Yours truly,

A handwritten signature in black ink, appearing to read 'Rizwan Pesnani', is written over a circular stamp or seal.

Rizwan Pesnani

Chief Risk Officer & Company Secretary

- Cc: (1) The Director
Listed Companies Department
Supervision Division
Securities & Exchange Commission of Pakistan
Islamabad
- (2) The Chief Regulatory Officer
Regulatory Affairs Department
Pakistan Stock Exchange Limited
Karachi