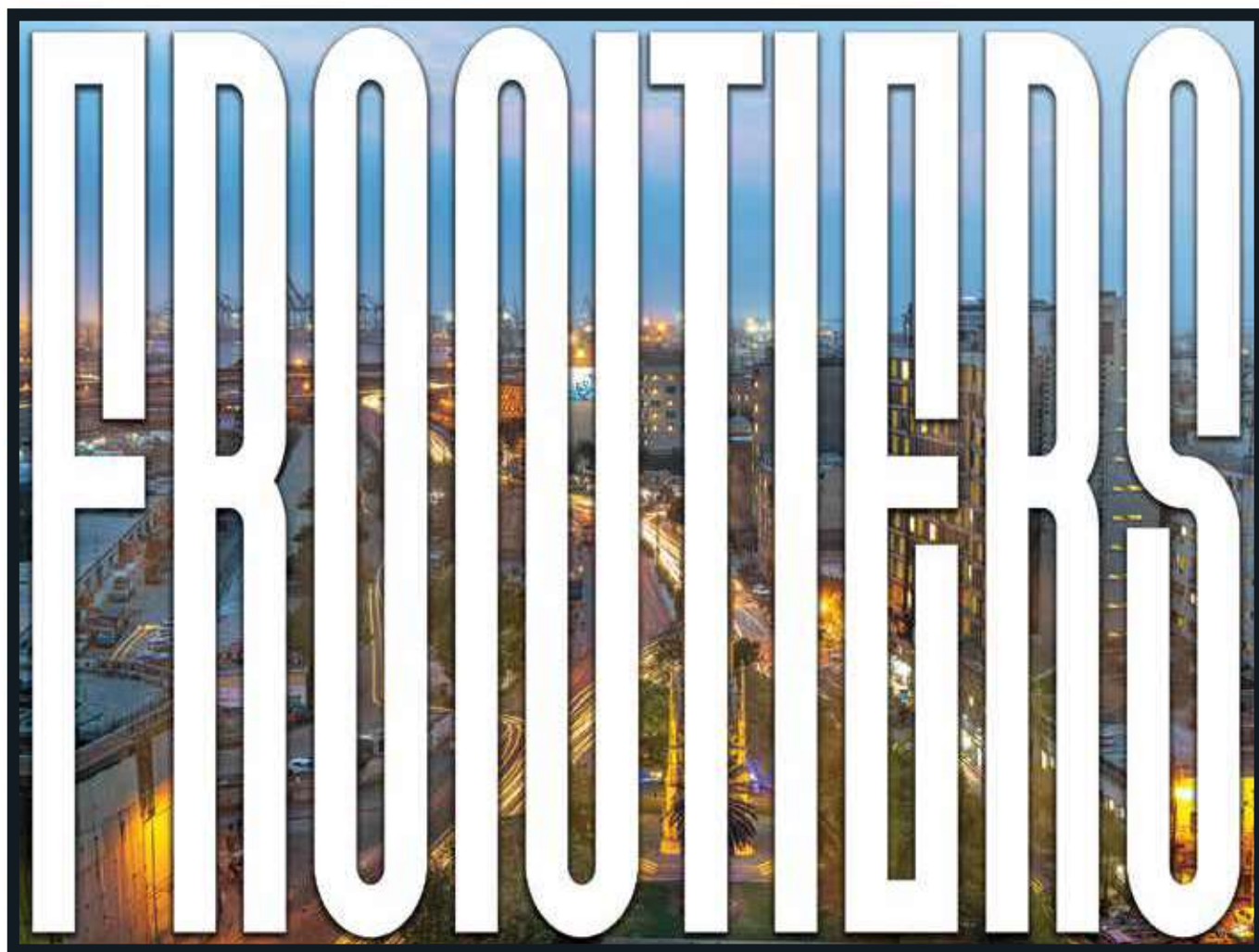




**NEW**



REPORT FOR THE  
QUARTER ENDED  
30<sup>th</sup> SEPTEMBER 2022

# COMPANY INFORMATION

As at October 28, 2022

## Board of Directors (BOD)

|                            |                         |
|----------------------------|-------------------------|
| Mark Gerard Skelton        | Chairman                |
| Syed Moonis Abdullah Alvi, | Chief Executive Officer |
| Adeeb Ahmad                |                         |
| Arshad Majeed Mohmand      |                         |
| Dr Imran Ullah Khan        |                         |
| Mubasher H. Sheikh         |                         |
| Muhammad Kamran Kamal      |                         |
| Muhammad Zubair Motiwala   |                         |
| Saad Amanullah Khan        |                         |
| Shan A. Ashary             |                         |

## Board Audit Committee (BAC)

|                         |          |
|-------------------------|----------|
| Saad Amanullah Khan     | Chairman |
| Dr Imran Ullah Khan     | Member   |
| Mark Gerard Skelton     | Member   |
| Mubasher Hussain Sheikh | Member   |

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

|                                |          |
|--------------------------------|----------|
| Saad Amanullah Khan            | Chairman |
| 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 |
| Mubasher Hussain Sheikh | Member |
| Muhammad Kamran Kamal   | Member |

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

|                                |          |
|--------------------------------|----------|
| Adeeb Ahmad                    | Chairman |
| Arshad Majeed Mohmand          | 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.

\*Resigned on August 15, 2022

## 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

**K-Electric Limited**  
**Directors' Review**

On behalf of the Board of Directors, we are pleased to present the Directors' report together with the unaudited Condensed Interim Financial Statements for the first quarter ended September 30, 2022.

Key operational and financial results are summarized below:

|   | JUL - SEP<br>2022           | JUL-SEP<br>2021 |
|---|-----------------------------|-----------------|
| <b><u>OPERATIONAL</u></b>                                     | <b>(Units in GWh)</b>       |                 |
| Units generated (net of auxiliary)                            | 2,110                       | 2,537           |
| Units purchased   | 3,073                       | 3,155           |
| Total units available for distribution (sent out)             | 5,183                       | 5,692           |
| Units billed  | 4,364                       | 4,677           |
| Transmission & Distribution Losses %                          | 15.8%                       | 17.8%           |
| <b><u>FINANCIAL</u></b>                                       | <b>(Rupees in millions)</b> |                 |
| Revenue   | 154,534                     | 114,139         |
| Gross profit  | 8,042                       | 16,640          |
| (Loss) / profit before finance cost                           | (8,792)                     | 6,989           |
| (Loss) / profit before taxation                               | (15,207)                    | 4,001           |
| Taxation – net  | (1,129)                     | (1,099)         |
| <b>Net (loss) / profit for the period</b>                     | <b>(16,336)</b>             | <b>2,902</b>    |
| <b>(Loss) / Earnings per share - Basic / Diluted (Rupees)</b> | <b>(0.59)</b>               | <b>0.11</b>     |
| <b>EBITDA</b>   | <b>(2,686)</b>              | <b>11,838</b>   |

**Financial Review**

The difficult socio-political challenge both locally and at international fronts, have had a consequential impact on the macro-economic factors. The economic impact has reverberated through multiple channels, including commodity and financial markets, surging inflation, increasing policy rates and reduction in economic activity. Impacted by these challenges, the Company has observed a reduction in units sent-out by 8.9% and the gross profitability of the Company declined significantly. The Company operates under regulated tariff and as per current Multi-Year Tariff effective from July 01, 2016, no adjustment is provided to the Company in tariff for changes in sent-out and policy rates.

Further, the Company observed increase in exchange loss by PKR 2.6 billion owing to devaluation of Pak Rupee and increase in impairment loss by PKR 4.0 billion against doubtful debts due to high inflation, increase in consumer tariff, high FCA and current economic conditions impacting consumers propensity to pay. The aforementioned factors along with increase in finance cost by PKR 3.4 billion mainly on account of increase in effective rate of borrowing and higher levels of borrowing due to non-payment of dues by Government entities, translated into the loss after tax amounting to PKR 16.3 billion.

The Company is geared up to face the challenges and focusing extensively on further operational improvements as detailed in the relevant business section and also working diligently for renewal of tariff for the next control period starting from July 01, 2023, with an aim to obtain a sustainable cost reflective tariff with robust adjustments mechanism at par with other power sector entities to ensure continuity of reliable and smooth service to consumers at least possible costs.

#### **Update on Significant matters:**

##### **Generation:**

During the period under review, KE witnessed the synchronization of the second unit of 900MW RLNG-fired power project (BQPS-III). Successive steam blowing completed ahead of schedule and recovery works are underway prior to Steam Turbine Commissioning. Combined Cycle baseload operations of second unit is expected in the month of December 2022. In addition to making strides on Unit 2 of 900 MW RLNG plant, restoration works at BQPS-III Unit 1 are in progress. Post rehabilitation, the machine will be retested with additional tests and it is expected that Unit 1 will achieve base load operations in late November to early December 2022.

##### **Transmission:**

In line with its vision of providing uninterrupted power supply to the consumers amidst the growing demand, KE is incessantly working to upkeep and improve its transmission system reliability and stability through augmentation and required rehabilitation works in the network.

In the first quarter of FY 2023, KE enhanced its transmission capacity by 50MVAs with addition of new power transformer at Agha Khan grid alongside enhancement in existing grids taking total transformation capacity to 6,853 MVAs. Further, a new 132kV Site – Haroonabad circuit - II has been energized increasing the reliability of the system. Moreover, projects including reconductoring of transmission lines and RTV coating of insulators are in progress that aim to further improve system reliability.

In addition to the above, rehabilitation of existing 66 kV transmission Vinder to Uthal is being executed at accelerated pace and both the phases of the project are expected to be completed by 2nd quarter of FY 2023.

Furthermore, the process for setting up of new grid at 500kV level is in progress and has entered designing phase after acquiring land and award of contract. Whereas, the construction of new 220 kV Dhabeji Interconnection is in full swing. Completion of these projects will enable KE to off-take additional power from the National Grid.

Moreover, under BQPS-III project, upgradation of transmission network is in process that includes augmentation of two critical load grids and two generation interconnection grid stations. This will enable KE to abridge demand-supply gap in upcoming years alongside enhancing system reliability.

With the objective of making targeted investments to further enhance system reliability and stability, a detailed transmission system expansion plan from FY 2024 to FY 2030 has also been chalked out which is validated and studied by 3<sup>rd</sup> party consultant.



**Distribution:**

Continuing the journey of enhancing its Distribution network reliability and capacity as well as reduction in network losses since privatization, the company reported 15.8% of T&D losses in the first quarter of FY - 23 with an improvement of 2.0% against last year same period. Following the success of KE distribution's flagship Project Sarbulandi, Distribution has been working towards bearing the fruit of investments made in the past through Governance plan in the current fiscal year. Further, KE always aims to create ease for its consumers, in this regard approximately 24,000 low-cost and 18,000 Asaan meters were provided to ensure metered billing during the quarter.

During the period under review the Company faced challenges in recovery mainly due to imposition of taxes/municipal charges which were later withdrawn by Government requiring the Company to reprint and redistribute bills and also led to protest by customers which effected the recovery ration. Further, increase in consumer tariff and high FCA's effected consumer propensity to pay resulted in decline in recovery ratio which was reported at 88.9% as against 93.2% reported during corresponding period last year. However, the Company remains steadfast in its initiatives to improve recoveries and with negative FCA's now being expected to apply, the Company expects the situation to improve during the remaining part of the year.

*Digital Payments and Partnerships*

To facilitate customers with Bill payment at doorstep, Recovery Officers have been empowered to collect KE Bill payment digitally who previously were responsible for only payment reminders. Currently 10 agents are live to collect bill payments at doorstep and further expansion is in pipeline. With this initiative, over 8,000 customers have been facilitated with recovery of PKR 50 million.

Further, due to global hikes in fuel prices resulting into increase in electricity tariff, the burden on people has increased as they are to pay their bill amount in one-go. In this regard, KE has launched the BNPL (Buy Now Pay Later) initiative in collaboration with Bank Alfalah and Faysal Bank. Under this initiative, Banks offer their Credit Card users the facility to choose instalment plan for KE bill payment (i.e., 3 months, 6 months, 9 months or 12 months) as per their convenience with 0% profit while paying through KE Live App or Website.

Further, to promote digital payments and incentivize our customers, KE has also partnered with JS Bank to provide a cash back offer. The campaign provides JS credit card customers with 25% cashback up to PKR 1,000 on paying the bill through KE Live App or KE Website.

*Safety and Security*

As a part of its commitment to continue strengthening the reliability and safety of its network, KE continued training of its employees with the best safety practices in the first quarter of FY 2023. Similarly, online awareness session on "Safety Stand Down on Accident of NC Above 80KV" was conducted.

KE improved upon its "Rain Emergency action plan" to ensure continuity of the electricity to its consumers and diverted right resources on the right time by creating synergies withing its various functions.

Further, to foster a culture of safety among field personnel, behavioral safety management courses have also been launched. During the quarter, 11 sessions were conducted by consultants to check for adherence to corporate safety policies, departmental procedures and industry best practices as well as national safety regulations and legislation.

### *Technical initiatives*

Further, to continue efforts to develop and improve the technical operations, Distribution team has successfully managed to achieve technical targets for the current quarter. This included Skill Development, Equipment Design, SLD Digitization and Maintenance Regime.

KE has acquired consultancy services of PITCO (Pakistan) with its partner Fichtner (Germany) to advise on Network Improvement Plan 2024-30 (NIP). The plan was prepared with the objective of achieving excellence in distribution network with respect to safety, reliability, resilience to environment, power quality, losses and other relevant KPIs of the industry. The scope included validation of the initiatives planned under NIP vis-a-vis prudent practices adopted by global Distribution companies operating in similar environments.

With a focus on workforce's skills elevation and capacity development, Vertical and Horizontal skill enhancement trainings are in place. Besides this, a customized training program has been devised and started on High Recurrence Faults to enhance skillset levels and to minimize high occurrence faults.

KE has also published Power Quality Guidebook for the potential and its existing customers. This guidebook serves as an awareness document which shall educate the customer on the parameters of KE supply. By doing so a consumer will be able to install and maintain equipment with efficient, sustainable and reliable supply.

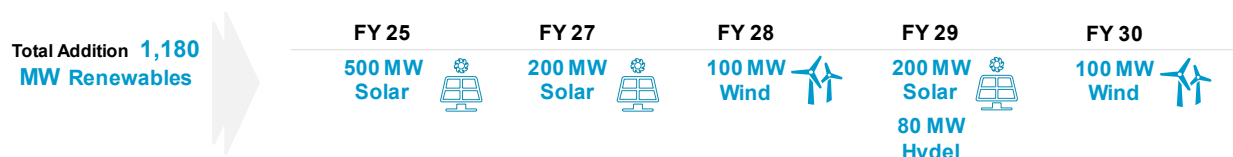
The Company also plans to expand its horizons by creating collaborations with different research platforms. With the objective to create academia and industrial liaison. KE has established Memorandum of Understanding (MoU) with one of the leading engineering universities, Ghulam Ishaq Khan Institute for planning and implementation of joint applied research projects. This collaboration will allow KE to explore new opportunities of learning through education experience and exposure.

Furthermore, KE has initiated a Switch Management pilot project in OCR via Digital SLD (Single Line Diagram). This initiative will help Distribution OCR to create a paperless environment where the electrical intelligence system via GIS software will be used to perform operations. Further, the management of switches recording will also be done. This will further help to transition to ADMS in the future and better understand the operation of the advanced system.

In addition to the above, further value-addition initiatives to reduce Corrective Maintenance TAT against Operational Excellence are underway resulting in process optimization and benchmarking of fault resolution TAT. In parallel to this, efforts are underway to improve asset lifecycle starting from Distribution Transformers through periodic PM framework based on asset health inspection.

### **Business Development:**

Keeping in view the growing power demand in KE's service area, a robust and aggressive investment plan has been prepared with focus on the utilization of indigenous resources along with renewables (including hydro) to reduce the burden on national exchequer in line with the National Electricity Policy to add low cost, indigenous fuels-based power projects. Subject to third party studies and regulatory approvals, KE has planned a total addition of 2,172 MW including renewables of approximately 1,180 MW (with hydel), over the next few years till FY 2030 in the following manner:



To increase the share of renewables, KE is also working with the Government of Sindh (GoS) on a 350 MW solar project under competitive bidding regime. The Project is currently under land assessment phase including the approval of relevant authorities for allocation and pricing, following which, the 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 cost of generation by induction of indigenous resources which also includes base load on local coal and procurement of hydel from the North via wheeling.

### Corporate Social Responsibility:

First quarter covers activities in safety, flood relief and social welfare. KE provided relief in flood affected areas of Sindh and Balochistan in collaboration with Saylani Welfare Trust International, Sahil Welfare Association and Akhuwat. KE employees contributed PKR 2.7 million which was matched by KE management benefiting 1,600 families. 300 panaflex were donated for making 100 tents.

Mosques, Temples and Churches spread safety messages on monsoon and heatwave to more than 42,000 people. 210 frontline workers were trained on monsoon safety and CPR by KE in collaboration with Pakistan Red Crescent Society Sindh.

KE in collaboration with IBA organized “Karachi Urban Resilience Roundtable 2022”, over 30 people attended from academia and journalism background with Honorable Commissioner Karachi as chief guest.

Lastly, out of KE’s PKR 7.5 million donation to Akhuwat’s solar microfinance fund under NEPRA CSR vision of “Power with Prosperity,” PKR 5.7 million has been utilized for 35 beneficiaries. Further, Roshni Bajis reached out to 356,304 households. 60 Roshni Bajis graduated as Pakistan’s first certified female electricians from the Hunar Foundation.

### Other Significant Matters

#### ***Growing Receivables from Government Entities and Departments***

As of September 30, 2022, KE’s net receivables from various Federal and Provincial entities, stood at around PKR 80.4 billion on principal due 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 Subsidy (TDS) Claims receivable from the (Government of Pakistan) GoP.

Despite the pending release of KE’s receivables from government entities and departments coupled with significant increase in fuel prices globally, 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, KE is continuously pursuing GoP and related parties for finalization and execution of 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 which have already been initialed.

### ***Multi-Year Tariff (MYT)***

#### ***MYT Mid-Term Review***

The Company filed Mid Term Review (MTR) petition with NEPRA 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 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 the unconsolidated condensed interim financial statements.

#### ***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 in KE's MYT. Further, claims for FY 2022 have also been filed with NEPRA after verification from external auditors.

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 Distribution (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.

### ***Competitive Trading Bilateral Contracts Market (CTBCM)***

Pursuant to issuance of Market Operator License by NEPRA to CPPA-G, in May 2022, currently dry run activities related to roll out of CTBCM are in progress. KE remains highly engaged with relevant stakeholders including NEPRA for approval of its proposed integration plan with an objective 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.

### ***Distribution and Electric Power Supplier License***

KE was granted distribution license on July 21, 2003 for distribution and supply of electric power services in its territory for a period of twenty years till July 2023. With the ongoing changes in the power sector including Distribution (network) and Supply business being separate licensed activities and implementation of CTBCM, KE will be filing separate applications for renewal of its Distribution and Supplier License.

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

### **Board Composition**

|  |    |
|--|----|
| Total number of Directors as at September 30, 2022 | 13 |
| i. Female  | 01 |
| ii. Male   | 12 |
| ii. Casual Vacancy                                 | -  |

### **Composition of the board as at September 30, 2022**

|      |                         |                                     |
|------|-------------------------|-------------------------------------|
| i.   | Independent Director    | 01                                  |
| ii.  | Non-Executive Directors | 12 (including Independent Director) |
| iii. | Executive Directors     | 01                                  |

### **Board Committees**

The names of Board Committees Members are mentioned in “Company Information” section of this 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:

- a) Fee shall be reviewed after every three years
- b) The review shall invariably comply with applicable corporate regulatory framework and shall be carried out in an objective manner
- c) 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.

### **Changes in the Board of Directors**

During the period, an election of Directors was held wherein following Directors were appointed:

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

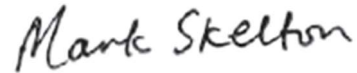
Subsequently, Mr. Mark Gerard Skelton was appointed by the Board of Directors as the Chairman of the Board. Furthermore, Mr. Boudewijn Clemens Wentink, Ch. Khaqan Saadullah Khan and Ms. Sadia Khuram have resigned from the position of Non-Executive Directors resulting in casual vacancies in the Board. In this respect, K-Electric has been served with copy of a Suit (Al Jomaih Power Limited & another vs IGCF SPV 21 Limited & others) together with ad-interim order dated October 21, 2022 passed therein through which the Sindh High Court has directed that no change should be effected in the present Board of Directors of K-Electric till the next date of hearing i.e., 08 November 2022. The casual vacancies will be filled by the Board once the Company is in a position to proceed with the process of appointment of directors.

#### **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 extends its appreciation to the employees of the Company.



**Syed Moonis Abdullah Alvi**  
Chief Executive Officer



**Mark Gerard Skelton**  
Chairman

**Karachi, October 28, 2022**

کے الیکٹرک لمیٹڈ

ڈائریکٹرز ریویو

ہم بورڈ آف ڈائریکٹرز کی طرف سے 30 ستمبر، 2022 کو ختم ہونے والی پہلی سہ ماہی کے حوالے سے ڈائریکٹرز رپورٹ مع غیر آڈٹ شدہ کنڈینسڈ عبوری فنانشل اسٹیٹمنٹس پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

اہم آپریشنل اور مالیاتی نتائج کا خلاصہ ذیل میں دیا گیا ہے:

| جولائی - ستمبر  | جولائی - ستمبر |  |
|-----------------|----------------|--|
| 2021            | 2022           |  |
| (یونٹس GWh میں) |                | آپریشنل  |
| 2,537           | 2,110          | پیداواری یونٹس (خالص معاون)                    |
| 3,155           | 3,073          | خریدے گئے یونٹس                                |
| 5,692           | 5,183          | ڈسٹری بیوشن کے لیے دستیاب کل یونٹس (بھیجے گئے) |
| 4,677           | 4,364          | بل کردہ یونٹس                                  |
| 17.8%           | 15.8%          | ٹرانسمیشن اور ڈسٹری بیوشن کے نقصانات %         |



جولائی - ستمبر

جولائی - ستمبر

2021

2022

رقم ملین میں

مالیاتی

آمدنی

کل منافع

(نقصان) / منافع مالیاتی لاگت سے پہلے

(نقصان) / منافع ٹیکس سے پہلے

ٹیکسیشن - نیٹ

(نقصان) / منافع مدت کے لیے خالص

(نقصان) / فی حصص آمدنی - بنیادی / تخفیف شدہ (روپے) (0.59)

0.11

EBITDA

11,838

(2,686)

مالیاتی جائزہ

مقامی اور بین الاقوامی دونوں محاذوں پر مشکل سماجی و سیاسی چیلنج نے میکرو اکنامک عوامل پر نتیجہ خیز

اثرات مرتب کیے ہیں۔ اقتصادی اثرات متعدد چینلز کے ذریعے دوبارہ ظاہر ہوئے ہیں جن میں

اجناس اور مالیاتی مارکیٹوں، مہنگائی میں اضافہ، پالیسی کی شرح میں اضافہ اور اقتصادی سرگرمیوں میں کمی

شامل ہے۔ ان چیلنجز کے زیر اثر ہوتے، کمپنی نے بھیجے گئے یونٹس میں 8.9% کی کمی دیکھی ہے

اور یوں کمپنی کے مجموعی منافع میں نمایاں کمی واقع ہوئی ہے۔ کمپنی ریگولیٹڈ ٹیرف کے تحت کام کرتی ہے اور موجودہ ملٹی ایئر ٹیرف کے مطابق جو یکم جولائی، 2016 سے لاگو ہے، بھیجے گئے اور پالیسی ریٹ میں تبدیلی کے لیے کمپنی کو ٹیرف میں کوئی ایڈجسٹمنٹ فراہم نہیں کی جاتی ہے۔

مزید برآں، کمپنی نے پاکستانی روپے کی قدر میں کمی کی وجہ سے 2.6 بلین روپے کے زر مبادلہ کے نقصان میں اضافہ دیکھا اور بلند افراط زر، صارفین کے ٹیرف میں اضافے، زیادہ FCA اور موجودہ معاشی حالات نے صارفین کی ادائیگی کے رجحان کو متاثر کیا ہے جس کے باعث مشتبہ قرضوں میں 4.0 بلین روپے کا اضافہ دیکھا گیا ہے۔ مذکورہ بالا عوامل کے ساتھ مالیاتی لاگت میں 3.4 بلین روپے کا اضافہ ہوا جو کہ بنیادی طور پر قرض لینے کی بڑھتی ہوئی مؤثر شرح اور حکومتی اداروں کی جانب سے واجبات کی عدم ادائیگی کی وجہ سے قرض کے حصول کی کل شرح میں اضافے کا باعث ہے، نتیجتاً بعد از ٹیکس 16.3 بلین روپے کا نقصان ہوا۔

کمپنی چیلنجز کا مقابلہ کرنے کے لیے تیار ہے اور مزید آپریشنل بہتریوں پر وسیع پیمانے پر توجہ مرکوز کر رہی ہے جیسا کہ متعلقہ کاروباری سیکشن میں تفصیل سے بتایا گیا ہے۔ کمپنی یکم جولائی، 2023 سے شروع ہونے والی اگلی کنٹرول مدت کے لیے ٹیرف کی تجدید کے لیے بھی تندرہی سے کام کر رہی ہے، جس کا مقصد پاور سیکٹر کے دیگر اداروں کے برابر مضبوط ایڈجسٹمنٹ میکانزم کے ساتھ ایک پائیدار لاگت کا منعکس ٹیرف حاصل کرنا ہے تاکہ کم سے کم ممکنہ قیمتوں پر صارفین کی خدمت کو قابل اعتماد اور ہموار تسلسل کو یقینی بنایا جاسکے۔

اہم معاملات پر اپ ڈیٹ:

جنریشن:

زیر جائزہ مدت کے دوران، کے ای نے 900 میگاواٹ RLNG فائر سے چلنے والے پاور پروجیکٹ (BQPS-III) کے دوسرے یونٹ کے ساتھ بیک وقت مطابقت پذیری کا مشاہدہ کیا۔ یکے بعد دیگرے بھاپ اڑانے کا عمل شیڈول سے پہلے مکمل ہو گیا اور سٹیم ٹربائن شروع ہونے سے قبل بحالی کے کام جاری ہیں۔ دوسرے یونٹ کے کمبائنڈ سائیکل بیس لوڈ آپریشنز دسمبر 2022 کے مہینے میں متوقع ہیں۔ 900 میگاواٹ کے RLNG پلانٹ کے یونٹ 2 پر پیش رفت کرنے کے علاوہ، BQPS-III یونٹ 1 میں بحالی کے کام جاری ہیں۔ بحالی کے بعد، مشین کو اضافی ٹیسٹوں کے ساتھ دوبارہ ٹیسٹ کیا جائے گا اور امید ہے کہ یونٹ 1 نومبر کے آخر سے دسمبر 2022 کی ابتدا میں بیس لوڈ آپریشنز حاصل کر لے گا۔

ٹرانسمیشن:

اپنے وژن کے مطابق بجلی کی بڑھتی ہوئی طلب کے درمیان صارفین کو بلا تعطل بجلی کی فراہمی کے لیے، کے ای کے نیٹ ورک میں وسعت اور بحالی کے مطلوبہ کاموں کے ذریعے اپنے ٹرانسمیشن سسٹم کی بھروسہ مندی اور استحکام کو برقرار رکھنے اور بہتر بنانے کے لیے مسلسل مصروف عمل ہے۔

مالی سال 2023 کی پہلی سہ ماہی میں، کے ای نے آغا خان گرڈ میں نئے پاور ٹرانسفارمر کے اضافے

کے ساتھ اپنی ٹرانسمیشن کی صلاحیت کو 50MVA تک وسعت دی اور موجودہ گرڈز میں اضافے کے ساتھ ٹرانسفارمیشن کی کل صلاحیت 6,853 MVA تک پہنچ گئی۔ مزید برآں، ایک نئی 132kV سائٹ - ہارون آباد سرکٹ - II نے بجلی کی ترسیل کا کام شروع کر دیا ہے جس سے سسٹم پر اعتبار میں اضافہ ہوا ہے۔ اس کے علاوہ ٹرانسمیشن لائنوں کی ری کنڈکٹنگ اور انسولیٹروں کی آرٹھی وی کوٹنگ سمیت منصوبے جاری ہیں جن کا مقصد سسٹم پر بھروسے کو مزید استحکام دینا ہے۔

مذکورہ بالا کے علاوہ، موجودہ 66 kV ٹرانسمیشن ونڈر سے اٹھل کی بحالی کا کام برق رفتاری سے انجام دیا جا رہا ہے اور اس منصوبے کے دونوں مراحل مالی سال 2023 کی دوسری سہ ماہی تک مکمل ہونے کی توقع ہے۔

مزید برآں، 500kV کی سطح پر نئے گرڈ کے قیام کا عمل جاری ہے اور زمین کے حصول اور کنٹریکٹ دینے کے بعد یہ گرڈ ڈیزائننگ کے مرحلے میں ہے۔ جبکہ نئے 220 kV دھاتیجی انٹر کنکشن کی تعمیر تیزی سے جاری ہے۔ ان منصوبوں کی تکمیل سے کے الیکٹرک کو نیشنل گرڈ سے اضافی بجلی کے حصول میں مدد ملے گی۔

اس کے علاوہ BQPS-III پروجیکٹ کے تحت، ٹرانسمیشن نیٹ ورک کی اپ گریڈیشن کا عمل جاری ہے جس میں دو اہم لوڈ گرڈز اور دو جنریشن انٹر کنکشن گرڈ اسٹیشنز کو شامل کیا جانا ہے۔ اس عمل سے کے ای کو سسٹم پر بھروسے میں اضافے کے ساتھ آنے والے سالوں میں طلب اور فراہمی کے فرق کو کم

کرنے میں مدد ملے گی۔

نظام کی بھروسہ مندی اور استحکام کو مزید بڑھانے کے لیے ہدف کردہ سرمایہ کاری کرنے کے مقصد کے ساتھ، مالی سال 2024 سے مالی سال 2030 تک ٹرانسمیشن سسٹم کی توسیع کا ایک تفصیلی منصوبہ بھی تیار کیا گیا ہے جس کی توثیق اور مطالعہ تھرڈ پارٹی کنسلٹنٹ نے کیا ہے۔

### ڈسٹری بیوشن:

اپنے ڈسٹری بیوشن نیٹ ورک کی بھروسہ مندی اور صلاحیت کو بڑھانے کے ساتھ پرائیویٹائزیشن کے بعد سے نیٹ ورک کے نقصانات میں کمی کے حصول پر کاربند ہوتے ہوئے، کمپنی نے مالی سال -23 کی پہلی سہ ماہی میں T&D نقصانات 15.8% رپورٹ کیے جو گزشتہ سال کی اسی مدت کے مقابلے میں 2.0% کی بہتری کے ساتھ ہے۔ کے ای ڈسٹری بیوشن کے فلیگ شپ پروجیکٹ سربلندی کی کامیابی کے بعد، ڈسٹری بیوشن موجودہ مالی سال میں گورننس پلان کے ذریعے ماضی میں کی گئی سرمایہ کاری کے ثمرات کے حصول کے لیے کام کر رہی ہے۔ مزید برآں، کے ای کا مقصد ہمیشہ اپنے صارفین کے لیے آسانی پیدا کرنا ہے، اس ضمن میں، رواں سہ ماہی کے دوران میٹرڈ بلینگ کو یقینی بنانے کے لیے تقریباً 24,000 کم لاگت اور 18,000 آسان میٹر فراہم کیے گئے ہیں۔

زیر جائزہ مدت کے دوران کمپنی ریکوری کے چیلنجز سے نبرد آزما رہی جو کہ بنیادی طور پر ٹیکسز/میونسپل چارجز کے نفاذ کی وجہ سے رہی۔ جسے بعد ازاں حکومت نے اسے واپس لے لیا اور کمپنی سے بلوں کو

دوبارہ پرنٹ کرنے اور دوبارہ تقسیم کرنے کا مطالبہ کیا۔ صارفین کی طرف سے احتجاج بھی کیا گیا جس کی وجہ سے ریکوری الاؤنس متاثر ہوا۔ مزید برآں، کنزیومر ٹیرف میں بڑھوتری اور منفی اثرات کے حامل بڑھتے ہوئے FCA کے باعث متاثرہ صارفین کی جانب سے بلوں کی ادائیگی میں کمی کا رجحان دیکھنے میں آیا جس کے نتیجے میں ریکوری تناسب میں کمی واقع ہوئی جو کہ پچھلے سال میں اسی مدت کے دوران 93.2% کے مقابلے میں 88.9% پر رپورٹ ہوا۔ تاہم، کمپنی ریکوری کو بہتر بنانے کے لیے اپنے اقدامات میں ثابت قدم ہے اور اب منفی FCA کے قابل اطلاق ہونے کی توقع ہے، کمپنی کو امید ہے کہ بقیہ سال کے دوران صورتحال میں بہتری وقوع پذیرگی۔

### ڈیجیٹل پیمنٹس اور پارٹنرشپس

صارفین کو ان کے دروازے پر بل ادا کرنے کی سہولت فراہم کرنے کے لیے، اب ریکوری آفیسرز کو کے ای بل کی ادائیگی ڈیجیٹل طور پر جمع کرنے کا اختیار دے دیا گیا ہے جو پہلے صرف ادائیگی کی یاد دہانی کے ذمہ دار تھے۔ فی الحال 10 ایجنٹس صارفین کے دروازوں سے بلوں کی ادائیگی ہو رہی ہے اور مزید اس میں توسیع کے ضمن میں تیاریاں جاری ہیں۔ اس اقدام سے 8,000 سے زائد صارفین کو 50 ملین روپے کی ریکوری کی سہولت فراہم کی گئی ہے۔

مزید برآں، بجلی کے ٹیرف میں اضافے کے نتیجے میں فیول کی قیمتوں میں عالمی سطح پر اضافے کی وجہ سے، لوگوں پر بوجھ بڑھ گیا ہے کیونکہ انہیں اپنے بل کی رقم ایک ہی بار ادا کرنی پڑ رہی ہے۔ کے ای نے بینک الفلاح اور فیصل بینک کے اشتراک سے BNPL (پہلے خریداری بعد میں ادائیگی) اقدام

شروع کیا ہے۔ اس اقدام کے تحت، بینک اپنے کریڈٹ کارڈ کے استعمال کنندگان کو یہ آسانی فراہم کرتا ہے کہ وہ KE لائیو ایپ یا ویب سائٹ سے بل کی ادائیگی کرتے ہوئے اپنی سہولت کے مطابق 0% منافع کے ساتھ قسط کا پلان (یعنی 3 ماہ، 6 ماہ، 9 ماہ یا 12 ماہ) منتخب کریں۔

مزید برآں، ڈیجیٹل ادائیگیوں کے فروغ اور اپنے صارفین کو ترغیب دینے کے لیے، کے ای نے کیش بیک آفر فراہم کرنے کے لیے جے ایس بینک کے ساتھ شراکت داری بھی کی ہے۔ یہ آفر جے ایس بینک کے کریڈٹ کارڈ صارفین کو KE لائیو ایپ یا KE ویب سائٹ کے ذریعے بل کی ادائیگی پر 25% کیش بیک فراہم کرتی ہے جس کی حد 1000 روپے تک ہے۔

### حفاظت اور سلامتی

اپنے نیٹ ورک کے بھروسے اور حفاظت کو مستحکم کرنے کے عزم میں ایک جزو کے طور پر، کے ای نے مالی سال 2023 کی پہلی سہ ماہی میں اپنے ملازمین کی بہترین حفاظتی طریقوں کے ساتھ تربیت کا عمل جاری رکھا۔ اسی طرح NC Safety Stand Down on Accident of Above 80KV کے موضوع پر آن لائن آگاہی سیشن منعقد کیا گیا۔

کے ای نے اپنے صارفین کو بجلی کے تسلسل کو یقینی بنانے کے لیے اپنے "رین ایمرجنسی ایکشن پلان" میں بہتری کے اقدامات کیے اور اپنے مختلف عوامل کے ساتھ ہم آہنگی پیدا کر کے صحیح وسائل کو صحیح وقت پر بروئے کار لائی۔



مزید برآں، فیلڈ عملے میں حفاظت کے کلچر کو فروغ دینے کے لیے، Behavioral Safety، Management Courses کا بھی آغاز کیا گیا ہے۔ سہ ماہی کے دوران، کنسلٹنٹس کی طرف سے کارپوریٹ سیفٹی پالیسیز، ڈیپارٹمنٹل طریقہ کار اور انڈسٹری کے بہترین طریقوں کے ساتھ قومی حفاظت کے ضوابط اور قانون سازی کی جانچ کرنے کے لیے 11 سیشنز منعقد کیے گئے۔

### تکنیکی اقدامات

مزید برآں، تکنیکی آپریشنز کو ترقی دینے اور بہتری کی کوششیں جاری رکھنے کے لیے، ڈسٹری بیوشن ٹیم نے کامیابی کے ساتھ موجودہ سہ ماہی کے لیے تکنیکی اہداف حاصل کرنے میں کامیابی حاصل کی ہے۔ اس میں اسکل ڈیولپمنٹ، ایکوپمنٹ ڈیزائن، ایس ایل ڈی ڈیجیٹائزیشن اور مینٹیننس رجیم شامل تھے۔

کے ای نے نیٹ ورک امپروومنٹ پلان 2024-30 (NIP) پر مشورہ دینے کے لیے اپنے پارٹنر Fichtner (جرمنی) کے ساتھ PITCO (پاکستان) کی مشاورتی خدمات حاصل کی ہیں۔ یہ منصوبہ ڈسٹری بیوشن نیٹ ورک میں تحفظ، بھروسے، ماحول میں لچک، بجلی کے معیار، نقصانات اور صنعت کے دیگر متعلقہ KPIs کے حوالے سے بہترین کارکردگی کے حصول کے مقصد سے ترتیب دیا گیا تھا۔ اس اسکوپ میں اسی طرح کے ماحول میں کام کرنے والی عالمی ڈسٹری بیوشن کمپنیز کے ذریعے اختیار کردہ زیرک طریقوں کے مطابق NIP کے تحت منصوبہ بند اقدامات کی توثیق شامل تھی۔

افراد کی قوت میں مہارت کی بلندی اور صلاحیت کی نشوونما پر توجہ کے ساتھ، عمودی اور افقی مہارتوں میں

اضافہ کی ٹریننگز کا سلسلہ جاری ہے۔ اس کے علاوہ، ضرورت کے مطابق ایک تربیتی پروگرام وضع کر کے اسے ہائی ریکرنس فالٹس پر شروع کیا گیا ہے تاکہ مہارت کے معیار کو بڑھانے اور زیادہ ہونے والی غلطیوں کو کم کیا جاسکے۔

کے ای نے اپنے ہونے والے اور موجودہ صارفین کے لیے پاور کو الٹی گائیڈ بک بھی شائع کی ہے۔ یہ گائیڈ بک ایک آگاہی دستاویز کے طور پر کام انجام کی حامل ہے جو صارف کو کے ای سپلائی کے پیرامیٹرز کا احاطہ کرتے ہوئے آگاہی فراہم کرے گی۔ اس گائیڈ بک کی بدولت صارف مؤثر، پائیدار اور قابل اعتماد فراہمی کے ساتھ آلات کو نصب اور برقرار رکھنے کے قابل ہو جائیں گے۔

کمپنی تعلیمی اور صنعتی رابطہ پیدا کرنے کے مقصد کے پیش نظر مختلف تحقیقی پلیٹ فارمز کے ساتھ شریک کار ہو کر اپنے افق کو وسعت دینے کا بھی ارادہ رکھتی ہے۔ کے ای نے مشترکہ اپڈیٹڈ ریسرچ پروجیکٹس کی منصوبہ سازی اور ان پر عمل درآمد کے لیے معروف انجینئرنگ یونیورسٹی، غلام اسحاق خان انسٹیٹیوٹ کے ساتھ مفاہمت کی یادداشت (MoU) قائم کی ہے۔ یہ تعاون کے ای کو تعلیمی تجربے اور واقفیت و آگاہی کے ذریعے سیکھنے کے نئے مواقع تلاش کرنے کی راہ متعین کرے گا۔

مزید برآں، کے ای نے ڈیجیٹل SLD (سنگل لائن ڈیاگرام) کے ذریعے OCR میں ایک سوئچ مینجمنٹ پائلٹ پروجیکٹ کا آغاز کیا ہے۔ اس اقدام سے ڈسٹری بیوشن OCR کو پیپر لیس انوائزمنٹ ماحول پیدا کرنے میں مدد ملے گی جہاں GIS سافٹ ویئر کے ذریعے الیکٹریکل انٹیلی جنس

سسٹم کو آپریشنز انجام دینے کے لیے استعمال کیا جاسکے گا۔ اس کے علاوہ سوئچز کی ریکارڈنگ کا انتظام بھی کیا جائے گا جو مستقبل میں ADMS میں منتقلی اور جدید نظام کے آپریشن کو بہتر طریقے سے سمجھنے میں مزید مددگار ہوگا۔

مذکورہ بالا کے علاوہ، آپریشنل مہارت کے خلاف اصلاحی دیکھ بھال TAT کو کم کرنے کے لیے قدر میں اضافے کے حامل مزید اقدامات جاری ہیں جو کہ طریقہ کار کی اصلاح اور فالٹ ریزولوشن TAT کی بیچ مارکنگ میں نتیجہ خیز ہوں گے۔ اس کے متوازی کے طور پر، Asset Lifestyle بہتر بنانے کی کوششیں جاری ہیں۔ یہ Asset Health کے معائنے پر مبنی ہے جو وقفہ وقفہ سے پی ایم فریم ورک کے ذریعے ڈسٹری بیوشن ٹرانسفارمرز سے شروع ہوتا ہے۔

### کاروبار کی ترقی:

کے ای کے سروس ایریا میں بجلی کی بڑھتی ہوئی طلب کو مد نظر رکھتے ہوئے، قابل تجدید ذرائع (بشمول ہائیڈرو) کے ساتھ مقامی وسائل کے استعمال پر توجہ کے ساتھ ایک مضبوط اور جرات مندانہ سرمایہ کاری کا منصوبہ تیار کیا گیا ہے جس میں توجہ کم لاگت، مقامی فیول پر مبنی بجلی کے منصوبوں کو شامل کرنے کے لیے قومی بجلی کی پالیسی کے مطابق قومی خزانے پر بوجھ کو کم کرنے کے لیے قابل تجدید ذرائع (بشمول ہائیڈرو) کے ساتھ مقامی وسائل کے استعمال پر مرکوز ہے۔ تھرڈ پارٹی اسٹڈیز اور ریگولیٹری منظوریوں سے مشروط، کے ای نے اگلے چند سالوں میں مالی سال 2030 تک مندرجہ ذیل طریقے سے تقریباً 1,180 میگاواٹ (ہائیڈل کے ساتھ) کے قابل تجدید ذرائع سمیت مجموعی طور پر 2,172

میگاواٹ کے اضافے کا منصوبہ تشکیل دیا ہے:



قابل تجدید توانائی کا حصہ بڑھانے کے لیے، کے ای حکومت سندھ (GoS) کے ساتھ مسابقتی بولی کے نظام کے تحت 350 میگاواٹ کے سولر پروجیکٹ پر بھی کام کر رہی ہے۔ پروجیکٹ فی الحال زمین کے جائزہ لینے کے مرحلے میں ہے جس میں ایلوکیشن اور قیمتوں کے تعین کے لیے متعلقہ حکام کی منظوری بھی شامل ہے، جس کے بعد، پارٹیز مسابقتی بولی کے عمل کو شروع کرنے کے لیے فریبلٹی اسٹڈیز اور RFP کی ڈیولپمنٹ کا آغاز کریں گی۔ منصوبے کی تکمیل مالی سال 2025 تک متوقع ہے۔

کے ای مقامی وسائل کی شمولیت سے اپنی پیداواری لاگت کو کم کرنے کے لیے پُر عزم ہے جس میں مقامی کونسلے پر بیس لوڈ اور وہیلنگ کے ذریعے شمال سے ہائیڈل کی خریداری بھی شامل ہے۔

کارپوریٹ سماجی ذمہ داری:

پہلی سہ ماہی حفاظت، سیلاب زدگان کی امداد اور سماجی بہبود کی سرگرمیوں کا احاطہ کرتی ہے۔ کے ای نے سیلانی ویلفیئر ٹرسٹ انٹرنیشنل، ساحل ویلفیئر ایسوسی ایشن اور اخوت کے تعاون سے سندھ اور

بلوچستان کے سیلاب سے متاثرہ علاقوں میں امداد فراہم کی۔ کے ای کے ملازمین نے 2.7 ملین روپے کا عطیہ دیا جو کے ای انتظامیہ نے 1,600 خاندانوں کو فائدہ پہنچایا۔ 100 خیمے بنانے کے لیے 300 پینا فلیکس عطیہ کیے گئے۔

مساجد، مندر اور گر جاگھروں سے 42,000 سے زیادہ لوگوں تک مومن سون اور لُو سے متعلق حفاظتی پیغامات پہنچائے گئے ہیں۔ کے ای نے پاکستان ریڈ کریسنٹ سوسائٹی سندھ کے تعاون سے 210 فرنٹ لائن ورکرز کو مومن سون سیفٹی اور CPR پر تربیت دی۔

کے ای نے IBA کے تعاون سے "کراچی اربن ریزیلینس راؤنڈ ٹیبل 2022" کا انعقاد کیا، جس میں 30 سے زائد افراد نے شرکت کی جس میں تعلیمی اور صحافتی پس منظر سے تعلق رکھنے والے افراد شامل تھے۔ تقریب کے مہمان خصوصی معزز کمشنر کراچی تھے۔

آخر میں، کے ای نے نپہر CSR وژن "خوشحالی کے ساتھ طاقت" کے تحت کے اخوت کے سولر مائیکرو فنانس فنڈ میں 7.5 ملین روپے کی رقم دی گئی، جس میں سے 5.7 ملین روپے 35 مستحقین کو دیئے گئے۔ مزید یہ کہ روشنی باجی 356,304 گھرانوں تک رسائی ہوئی۔ روشنی باجی پروگرام کے تحت 60 خواتین نے ہنرفاؤنڈیشن سے پاکستان کی پہلی سند یافتہ الیکٹریشن کے طور پر گریجویشن کیا۔

## دیگر اہم معاملات

سرکاری اداروں اور محکموں پر بڑھتی ہوئی قابل وصول رقوم

30 ستمبر، 2022 تک، مختلف وفاقی اور صوبائی اداروں سے کے ای کی خالص وصولی، اصل واجب الادا بنیادوں پر تقریباً 80.4 بلین روپے تھی۔ فیول کی قیمتوں میں حالیہ اضافہ اور کے الیکٹرک کو مقامی گیس کی فراہمی کی عدم فراہمی کے نتیجے میں کے ای کے ٹیرف ڈیفرینشل سبسڈی (ٹی ڈی ایس) کے کلیمز میں نمایاں اضافہ ہوا ہے جو کہ (حکومت پاکستان) GoP سے قابل وصول رقوم ہیں۔

عالمی سطح پر فیول کی قیمتوں میں نمایاں اضافے کے ساتھ ساتھ سرکاری اداروں اور محکموں کی جانب سے کے ای کی قابل وصول رقوم کے اجراء میں التوا میں کے باوجود، کے ای نے صارفین کے بہترین مفاد میں جمع شدہ نقد رقم سے فیول فراہم کرنے والوں کو ادائیگیوں کا انتظام کیا تا کہ بجلی کی دستیابی کے کسی بھی وجہ سے سمجھوتہ نہ کیا جائے۔

قابل وصول رقوم کا بیک لاگ کمپنی کی کیش فلو پوزیشن اور نتیجتاً پاور انفراسٹرکچر میں سرمایہ کاری کی رفتار کو بڑھانے کی اس کی صلاحیت پر شدید منفی اثر مرتب کرتا ہے۔ تاہم، کے ای کے ساتھ وسیع پیمانے پر اس شعبے کی پائیداری کے لیے ضروری ہے کہ حکومت سمیت تمام فریقین اس دیرینہ مسئلے کو قانون کے مطابق حل کرنے کے لیے ایک پرامن حل تک پہنچیں۔

مزید برآں، کے ای پاور پر چیز ایجنسی ایگریمنٹ (PPAA)، انٹر کنکشن ایگریمنٹ (ICA) اور

نیشنل گرڈ سے سپلائی کے لیے ٹیرف ڈیفرنشل سبسڈی (TDS) معاہدے کو حتمی شکل دینے اور اس پر عمل درآمد کے لیے GoP اور متعلقہ فریقوں سے مسلسل رابطے میں ہے اور سبسڈی کا اجراء پہلے ہی شروع کیا جا چکا ہے۔

ملٹی ایئر ٹیرف

MYT مڈ ٹرم جائزہ

ایکویٹی پر جائز ریٹن پر USD انڈیکسیشن کے اثرات کے از سر نو جائزے، سرمایہ کاری کے منصوبے میں ضروری نظر ثانی کی وجہ سے ہونے والی تبدیلیوں اور دیگر ایڈجسٹمنٹ کے ساتھ کمپنی کی ورکنگ کیپیٹل کی ضروریات کے تناظر میں، کمپنی نے NEPRA کے پاس مڈ ٹرم ریویو (MTR) پٹیشن دائر 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 0.22/kWh روپے کی نیچے کی جانب ایڈجسٹمنٹ کا تعین کیا۔ NEPRA نے اپنے فیصلے میں اضافی سرمایہ کاری کی درخواست کی اجازت نہیں دی۔ ورکنگ کیپیٹل کاسٹ کی اجازت نہیں دی گئی، ریٹن آف ایکویٹی انڈیکسیشن کے لئے شرح مبادلہ کی جزوی تبدیلی کی اجازت دی گئی ہے جبکہ دیگر ایڈجسٹمنٹ پر غور نہیں کیا گیا ہے۔ مایوس ہونے کے بعد، کمپنی نے اپیلٹ ٹریبونل میں ایک اپیل دائر کی ہے۔ کمپنی اپیلٹ ٹریبونل میں اپنے جائز خدشات/مسائل کی پیروی کرے گی۔ تاہم، محتاط طریقے سے، 0.22/kWh روپے کی نیچے کی طرف ایڈجسٹمنٹ کے اثر کو غیر Unconsolidated کنڈینسڈ عبوری مالیاتی گوشواروں میں تسلیم کیا گیا ہے۔



ریکوری لاس کے لئے دائر کردہ اخراجات کی زیر التوا منظوری

کمپنی مالی سال 2017 سے مالی سال 2021 کی مدت کے لئے ریکوری لاس کے عوض لاگت سمیت زیر التواء سہ ماہی ٹیرف کے تغیرات کے تعین میں تیزی لانے کے لئے NEPRA کے ساتھ مسلسل رابطے میں ہے (ناقابل وصول قرضوں کی اصل معافی کے سلسلے میں، KE کے MYT کے تحت اجازت دی گئی ہے) کے ای کے MYT کے فراہم کردہ طریقہ کار کے مطابق کلیم کیا گیا۔ مزید برآں، مالی سال 2022 کے کلیمز بھی بیرونی آڈیٹرز سے تصدیق کے بعد NEPRA کے پاس دائر کیے گئے ہیں۔

ان درخواستوں کی وقت پر منظوری، کمپنی کی پائیداری اور منصوبہ بند سرمایہ کاری کے نفاذ کے لئے اہمیت کی حامل ہے۔

### MYT پوسٹ 2023

کے ای کو NEPRA کی جانب سے 7 سال کی 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 ڈسٹری بیوشن (نیٹ ورک) اور سپلائی بزنس سے علیحدہ لائسنس یافتہ سرگرمیوں، CTBCM ماڈل کے نفاذ، اور ملک بھر میں مجوزہ سینٹرل اکناک ڈسپچ کو مد نظر رکھتے ہوئے، کے ای جنریشن، ٹرانسمیشن، ڈسٹری بیوشن نیٹ ورک اور ڈسٹری بیوشن سپلائی کے لئے الگ الگ ٹیرف فائل کرنے کا ارادہ رکھتی ہے۔

## مسابقتی تجارتی دو طرفہ کنٹریکٹس مارکیٹ (CTBCM)

مئی 2022 میں NEPRA کی جانب سے CPPA-G کو مارکیٹ آپریٹر لائسنس کے اجراء کے بعد، فی الحال CTBCM کے رول آؤٹ سے متعلق آزمائشی مشقوں کی سرگرمیوں کا عمل جاری ہے۔ نیشنل الیکٹرٹی پالیسی 2021 اور CCoE کے منظور شدہ اصولوں کے مطابق ایک پائیدار اور منظم منتقلی کو یقینی بنانے کے مقصد کے ساتھ پاکستان میں بجلی کی مسابقتی ہول سیل مارکیٹوں کے قیام کے سلسلے میں، کے ای ای اپنے مجوزہ انضمام کے منصوبے کی منظوری کے لیے NEPRA سمیت متعلقہ اسٹیک ہولڈرز کے ساتھ انتہائی مصروف کار ہے۔

## ڈسٹری بیوشن اور الیکٹرک پاور سپلائر لائسنس

کے ای کو 21 جولائی، 2003 کو اس کی ٹیریٹری میں جولائی 2023 تک 20 سال کی مدت کے لیے بجلی کی خدمات کی ڈسٹری بیوشن اور سپلائی کا ڈسٹری بیوشن لائسنس دیا گیا تھا۔ بجلی کے شعبے میں جاری تبدیلیوں بشمول ڈسٹری بیوشن (نیٹ ورک) اور سپلائی بزنس کی الگ الگ لائسنس یافتہ سرگرمیوں اور CTBCM کے نفاذ کے ساتھ، کے ای اپنے ڈسٹری بیوشن اور سپلائر کے لیے علیحدہ درخواستیں دائر کرے گی۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی تعمیل

بورڈ کمپوزیشن

|    |                   |
|----|-------------------|
| 01 | (i) خاتون         |
| 12 | (ii) مرد          |
| -  | (iii) عارضی آسامی |

30 ستمبر، 2022 کو بورڈ کی کمپوزیشن

|                          |                             |
|--------------------------|-----------------------------|
| 01                       | (i) آزاد ڈائریکٹر           |
| 12 (بشمول آزاد ڈائریکٹر) | (ii) نان ایگزیکٹو ڈائریکٹرز |
| 01                       | (iii) ایگزیکٹو ڈائریکٹرز    |

### بورڈ کمیٹیز

اس رپورٹ میں بورڈ کمیٹیز 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:

ا۔ فیس 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 مہارت کی سطح کے مطابق ہوگی جو کہ کارپوریٹ اور سماجی مقاصد کو کامیابی کے ساتھ حاصل کرنے کے ساتھ قدر افزودگی کی حوصلہ افزائی کے لئے کمپنی کے امور انجام دینے کے لئے درکار ہے۔

بورڈ آف ڈائریکٹرز میں تبدیلیاں

اس مدت کے دوران، ڈائریکٹرز کا انتخاب ہو جس میں درج ذیل ڈائریکٹرز کا تقرر کیا گیا:

1. مارک جیرارڈ اسکیلٹن
2. سید منس عبد اللہ علوی (CEO)
3. ادیب احمد
4. ارشد مجید مہمند
5. بوڈے وائٹ کلیمینز وینٹینک
6. چوہدری خاقان سعد اللہ خان
7. ڈاکٹر عمران اللہ خان

8. مبشر ایچ شیخ

9. محمد کامران کمال

10. محمد زبیر موتی والا

11. سعد امان اللہ خان

12. سعدیہ خرم

13. شان اے اشعری

بعد ازاں، مسٹر مارک جیرارڈ اسکیلٹن کو بورڈ آف ڈائریکٹرز نے بورڈ کا چیئرمین مقرر کیا۔ مزید برآں، مسٹر بوڈے وائن کلیمینز وینٹینک، چوہدری خاقان سعد اللہ خان اور محترمہ سعدیہ خرم نے نان ایگزیکٹو ڈائریکٹرز کے عہدے سے استعفیٰ دے دیا ہے جس کے نتیجے میں بورڈ میں رسمی آسامیاں خالی ہیں۔ اس سلسلے میں، کے۔ الیکٹرک کو ایک مقدمے (Al Jomiah Power Limited & others vs IGCF SPV 21 Limited & others) کی کاپی کے ہمراہ 21 اکتوبر 2022 کو منظور شدہ عبوری حکم کے ساتھ پیش کیا گیا ہے جس کے تحت سندھ ہائی کورٹ نے ہدایت کی ہے کہ کے الیکٹرک کے موجودہ بورڈ آف ڈائریکٹرز میں آئندہ سماعت کی تاریخ یعنی 8 نومبر 2022 تک کوئی تبدیلی نہ کی جائے۔ جب کمپنی ڈائریکٹرز کی تقرری کے عمل کو انجام دینے کی پوزیشن میں ہوگی تو بورڈ کی طرف سے عارضی آسامیاں پُر کی جائیں گی۔

اعترافات

بورڈ حکومت پاکستان، شیئر ہولڈرز، اور کمپنی کے صارفین کا اُن کے تعاون اور مدد اور کمپنی کے ملازمین کی حوصلہ افزائی پر ان کا شکریہ ادا کرتا ہے۔

Mark Skelton  
مارک جیرارڈ اسکیلٹن  
چیئر مین

سید منس عبد اللہ علوی  
چیف ایگزیکٹو آفیسر

کراچی، 28 اکتوبر، 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 لئے انگریزی میں دی گئی ڈائریکٹرز رپورٹ ہی سے رجوع کریں اور اُسی پر انحصار کیا جائے۔)



**CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 202**



**K-ELECTRIC LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2022**

|                                      |    | Un-Audited            | Audited              |
|--------------------------------------|----|-----------------------|----------------------|
|                                      |    | September 30,<br>2022 | June 30,<br>2022     |
| Note                                 |    | (Rupees in '000)      |                      |
| <b>ASSETS</b>                        |    |                       |                      |
| <b>Non-current assets</b>            |    |                       |                      |
|                                      | 4  | 494,334,069           | 489,248,209          |
|                                      |    | 553,180               | 518,889              |
|                                      |    | 275,000               | 275,000              |
|                                      |    | 2,910,703             | 2,925,942            |
|                                      |    | 17,799,793            | 16,323,268           |
|                                      |    | 11,315                | 11,899               |
|                                      |    | 11,744                | 11,744               |
|                                      |    | <u>515,895,804</u>    | <u>509,314,951</u>   |
| <b>Current assets</b>                |    |                       |                      |
|                                      | 5  | 19,056,645            | 17,060,592           |
|                                      | 6  | 106,068,616           | 136,843,034          |
|                                      |    | 2,027,235             | 1,663,519            |
|                                      |    | 10,702,787            | 8,054,432            |
|                                      | 7  | 434,836,623           | 375,223,756          |
|                                      |    | 1,617,881             | 1,088,032            |
|                                      |    | 13,212,669            | 8,033,631            |
|                                      |    | 5,111,987             | 2,846,132            |
|                                      |    | <u>592,634,443</u>    | <u>550,813,128</u>   |
|                                      |    | <u>1,108,530,247</u>  | <u>1,060,128,079</u> |
| <b>TOTAL ASSETS</b>                  |    |                       |                      |
| <b>EQUITY AND LIABILITIES</b>        |    |                       |                      |
| <b>SHARE CAPITAL AND RESERVES</b>    |    |                       |                      |
|                                      |    | 96,261,551            | 96,261,551           |
| <b>Reserves</b>                      |    |                       |                      |
| <b>Capital reserves</b>              |    |                       |                      |
|                                      |    | 2,009,172             | 2,009,172            |
|                                      |    | 68,285,453            | 69,713,296           |
|                                      |    | <u>70,294,625</u>     | <u>71,722,468</u>    |
| <b>Revenue reserves</b>              |    |                       |                      |
|                                      |    | 5,372,356             | 5,372,356            |
|                                      |    | 61,907,287            | 76,815,343           |
|                                      |    | <u>67,279,643</u>     | <u>82,187,699</u>    |
|                                      |    | <u>137,574,268</u>    | <u>153,910,167</u>   |
|                                      |    | 233,835,819           | 250,171,718          |
| <b>TOTAL EQUITY</b>                  |    |                       |                      |
| <b>LIABILITIES</b>                   |    |                       |                      |
| <b>Non-current liabilities</b>       |    |                       |                      |
|                                      |    | 21,092,108            | 21,077,900           |
|                                      |    | 138,356,825           | 130,660,289          |
|                                      |    | 156,829               | 148,894              |
|                                      |    | 14,238,671            | 13,976,931           |
|                                      |    | 5,420,428             | 5,492,679            |
|                                      |    | 33,415,634            | 30,580,528           |
|                                      |    | <u>212,680,495</u>    | <u>201,937,221</u>   |
| <b>Current liabilities</b>           |    |                       |                      |
|                                      |    | 3,750,000             | 3,750,000            |
|                                      |    | 24,242,612            | 19,888,341           |
|                                      |    | 22,385                | 26,765               |
|                                      | 8  | 487,753,266           | 439,260,780          |
|                                      |    | 645                   | 645                  |
|                                      |    | 11,351,567            | 10,629,604           |
|                                      | 9  | 1,462,835             | 897,049              |
|                                      | 10 | 107,322,725           | 107,535,452          |
|                                      |    | 26,089,406            | 26,012,012           |
|                                      |    | 18,492                | 18,492               |
|                                      |    | <u>662,013,933</u>    | <u>608,019,140</u>   |
|                                      |    | 874,694,428           | 809,956,361          |
| <b>TOTAL LIABILITIES</b>             |    |                       |                      |
| <b>Contingencies and Commitments</b> |    |                       |                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |    |                       |                      |
|                                      | 11 | <u>1,108,530,247</u>  | <u>1,060,128,079</u> |

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

  
**Chief Executive Officer**

  
**Director**

  
**Chief Financial Officer**

**K-ELECTRIC LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

|   |    | Three months period ended   |                       |
|---|----|-----------------------------|-----------------------|
|   |    | September 30,<br>2022       | September 30,<br>2021 |
| Note  |    | ------(Rupees in '000)----- |                       |
| <b>REVENUE</b>  |    |                             |                       |
| Sale of energy - net  | 12 | 88,563,813                  | 86,921,322            |
| Tariff adjustment   | 13 | 65,970,240                  | 27,218,168            |
|   |    | 154,534,053                 | 114,139,490           |
| <b>COST OF SALES</b>  |    |                             |                       |
| Purchase of electricity   | 14 | (60,844,000)                | (43,581,488)          |
| Consumption of fuel and oil   | 15 | (78,529,751)                | (47,610,951)          |
| Expenses incurred in generation, transmission and distribution                  |    | (7,118,625)                 | (6,306,942)           |
|   |    | (146,492,376)               | (97,499,381)          |
| <b>GROSS PROFIT</b>   |    |                             |                       |
|   |    | 8,041,677                   | 16,640,109            |
| Consumers services and administrative expenses                                  |    | (7,884,122)                 | (6,872,485)           |
| Impairment loss against trade debts   |    | (7,895,935)                 | (3,855,459)           |
| Other operating expenses  | 16 | (4,289,772)                 | (1,809,505)           |
| Other income  |    | 3,236,025                   | 2,886,520             |
|   |    | (16,833,805)                | (9,650,929)           |
| <b>(LOSS) / PROFIT BEFORE FINANCE COST</b>                                      |    |                             |                       |
|   |    | (8,792,128)                 | 6,989,180             |
| Finance cost  | 17 | (6,414,698)                 | (2,987,682)           |
| <b>(LOSS) / PROFIT BEFORE TAXATION</b>  |    |                             |                       |
|   |    | (15,206,826)                | 4,001,498             |
| Taxation  |    | (1,129,073)                 | (1,099,387)           |
| <b>(LOSS) / PROFIT FOR THE PERIOD</b>   |    |                             |                       |
|   |    | (16,335,899)                | 2,902,111             |
| <b>(LOSS) / EARNING BEFORE INTEREST, TAX, DEPRECIATION<br/>AND AMORTISATION</b> |    |                             |                       |
|   |    | (2,685,642)                 | 11,837,869            |
|   |    | ------(Rupees)-----         |                       |
| <b>(LOSS) / EARNING PER SHARE - BASIC AND DILUTED</b>                           |    | (0.59)                      | 0.11                  |

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

  
**Chief Executive Officer**

  
**Director**

  
**Chief Financial Officer**

**K-ELECTRIC LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

|   | <b>Three months period ended</b>   |                               |
|---|------------------------------------|-------------------------------|
|   | <b>September 30,<br/>2022</b>      | <b>September 30,<br/>2021</b> |
|   | <b>------(Rupees in '000)-----</b> |                               |
| Net (loss) / profit for the period                        | (16,335,899)                       | 2,902,111                     |
| <b>Other comprehensive income:</b>                        |                                    |                               |
| Items that may be reclassified to profit or loss          |                                    |                               |
| Changes in fair value of cash flow hedges                 | 5,744,138                          | 1,868,206                     |
| Adjustment for amounts transferred to profit or loss      | (5,744,138)                        | (1,868,206)                   |
|   | -                                  | -                             |
| <b>Total comprehensive (loss) / income for the period</b> | <b>(16,335,899)</b>                | <b>2,902,111</b>              |

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

  
**Chief Executive Officer**

  
**Director**

  
**Chief Financial Officer**





**K-ELECTRIC LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

|  |             | Three months period ended    |                       |
|--|-------------|------------------------------|-----------------------|
|  |             | September 30,<br>2022        | September 30,<br>2021 |
|  |             | ----- (Rupees in '000) ----- |                       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          | <b>Note</b> |                              |                       |
| (Loss) / profit before taxation                                      |             | (15,206,826)                 | 4,001,498             |
| <b>Adjustments for non-cash charges and other items:</b>             |             |                              |                       |
| Depreciation and amortisation  |             | 6,106,486                    | 4,848,689             |
| Provision for employee retirement benefits                           |             | 305,029                      | 251,716               |
| Provision for slow moving and obsolete inventories - net             |             | 94,121                       | 32,423                |
| Impairment loss against trade debts                                  |             | 7,895,935                    | 3,855,459             |
| Provision against fatal accident cases                               |             | -                            | (1,700)               |
| Gain on sale of property, plant and equipment                        |             | (178,250)                    | (874,527)             |
| Unrealised gain on derivative financial assets                       |             | (5,744,138)                  | (1,868,206)           |
| Unrealised exchange loss   |             | 6,521,776                    | 1,784,744             |
| Interest income on term deposits                                     |             | (120,307)                    | -                     |
| Finance cost   |             | 6,414,698                    | 2,987,682             |
| Amortisation of deferred revenue                                     |             | (669,783)                    | (584,206)             |
| Return on bank deposits  |             | (241,298)                    | (72,309)              |
| <b>Operating profit before working capital changes</b>               |             | <b>5,177,443</b>             | <b>14,361,263</b>     |
| <b>Working capital changes:</b>                                      |             |                              |                       |
| <b>(Increase) / decrease in current assets</b>                       |             |                              |                       |
| Inventories  |             | (2,090,174)                  | (4,277,162)           |
| Trade debts  |             | 22,878,483                   | (7,740,050)           |
| Loans and advances   |             | (363,716)                    | 534,275               |
| Deposits and short-term prepayments                                  |             | (2,648,355)                  | (361,519)             |
| Other receivables  |             | (59,556,205)                 | (20,537,357)          |
|  |             | (41,779,967)                 | (32,381,813)          |
| <b>Increase / (decrease) in current liabilities</b>                  |             |                              |                       |
| Trade and other payables   |             | 47,589,463                   | 28,114,065            |
| Short-term deposits  |             | 77,394                       | 2,766,242             |
|  |             | 47,666,857                   | 30,880,307            |
| <b>Cash generated from operations</b>                                |             | <b>11,064,333</b>            | <b>12,859,757</b>     |
| Employee retirement benefits paid                                    |             | (377,280)                    | (70,174)              |
| Income tax paid  |             | (563,287)                    | (2,303,563)           |
| Receipts in deferred revenue   |             | 3,504,889                    | 376,708               |
| Receipt of interest income on term deposits                          |             | 63,645                       | -                     |
| Finance cost paid  |             | (10,964,991)                 | (2,688,029)           |
| Interest received on bank deposits                                   |             | 241,298                      | 72,309                |
| Long-term loans  |             | 584                          | 454                   |
|  |             | (8,095,142)                  | (4,612,295)           |
| <b>Net cash generated from operating activities</b>                  |             | <b>2,969,191</b>             | <b>8,247,462</b>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |             |                              |                       |
| Capital expenditure incurred   |             | (5,991,494)                  | (10,629,676)          |
| Proceeds from disposal of property, plant and equipment              |             | 360,479                      | 1,003,268             |
| Investment in other financial asset - at amortised cost              |             | (2,006,374)                  | -                     |
| <b>Net cash used in investing activities</b>                         |             | <b>(7,637,389)</b>           | <b>(9,626,408)</b>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                          |             |                              |                       |
| Proceeds from / (Repayment of) long-term diminishing musharaka - net |             | 14,208                       | (1,081,560)           |
| Proceeds from / (Repayment of) long-term financing - net             |             | 6,881,313                    | (3,560,988)           |
| Lease payments   |             | (10,481)                     | (9,516)               |
| (Repayment of) / Proceeds from short-term borrowings - net           |             | (3,645,393)                  | 7,171,675             |
| Security deposit from consumers                                      |             | 261,740                      | 322,378               |
| <b>Net cash generated from financing activities</b>                  |             | <b>3,501,387</b>             | <b>2,841,989</b>      |
| <b>Net (decrease) / increase in cash and cash equivalents</b>        |             | <b>(1,166,811)</b>           | <b>1,463,043</b>      |
| Cash and cash equivalents at beginning of the period                 |             | (41,875,437)                 | (35,979,547)          |
| <b>Cash and cash equivalents at end of the period</b>                | <b>18</b>   | <b>(43,042,248)</b>          | <b>(34,516,504)</b>   |

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

  
**Chief Executive Officer**

  
**Director**

  
**Chief Financial Officer**

## K-ELECTRIC LIMITED

### NOTES TO UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 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 KE) incorporated in Cayman Islands, holds 66.40 percent (June 30, 2022: 66.40 percent) shares in KE.

1.3 The business units of KE include the following:

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

Integrated Business Centres (IBCs), grid stations, inventory stores / warehouses and substations are located across 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 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 September 28, 2022 incorporating amended / additional requirements pursuant to the Securities Act, 2015 and the aforementioned regulations.

1.5 KE has following subsidiaries:

- KE Venture Company (Private) Limited (KEVCL), has been incorporated to invest in diverse initiatives within the energy sector of Pakistan. The total investment in KEVCL is currently 27.5 million (June 30, 2022: 27.5 million) ordinary shares amounting to Rs. 275 million (June 30, 2022: Rs. 275 million); and
- 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 condensed interim financial statements of KE in which investment in subsidiary has been accounted for at cost less accumulated impairment. KE prepares consolidated condensed interim financial statements comprising KE and its subsidiaries separately.

- 1.7** KE, being a regulated entity, is governed through Multi Year Tariff (MYT) regime. National Electric Power Regulatory Authority (NEPRA) vide its determination dated July 5, 2018 determined the MYT for the period commencing from July 1, 2016 till June 30, 2023 (MYT 2017-23). 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 is pending. 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.

KE's revenue recorded in these unconsolidated condensed interim financial statements is based on the aforementioned MYT decision.

- 1.8** KE filed Mid Term Review (MTR) petition with NEPRA 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 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 condensed interim financial statements.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

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

- 2.2** These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual unconsolidated financial statements and should be read in conjunction with the annual unconsolidated financial statements of KE for the year ended June 30, 2022.
- 2.3** In order to comply with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', the unconsolidated condensed interim statement of financial position has been compared with the balances of annual unconsolidated financial statements of the immediately preceding financial year, whereas, the unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cashflows have been compared with the balances of comparable period of the immediately preceding financial year.
- 2.4** There were certain amendments to accounting and reporting standards which became effective for KE during the period. However, these do not have any significant impact on KE's financial reporting and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.



In addition to the above, in response to KE's application, the SECP through its letter dated October 19, 2022, has provided an extension in exemption from the requirements contained in IFRS 9 'Financial Instruments', with respect to application of Expected Credit Loss (ECL) method on financial assets due from Government of Pakistan till June 30, 2023, provided that KE shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period.

## 2.5 Use of accounting estimates and judgements

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

During the preparation of these unconsolidated condensed interim financial statements, there have been no changes in the significant judgements made by management in applying the KE's accounting policies and the key sources of estimation and uncertainty from those that were applied to the annual unconsolidated financial statements of KE for the year ended June 30, 2022.

## 3. ACCOUNTING POLICIES

- 3.1 The accounting policies and method of computation adopted for the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the KE's annual unconsolidated financial statements for the year ended June 30, 2022.
- 3.2 KE follows the practice to conduct actuarial valuation annually at the year end. Hence, the impact of remeasurement of post-employment benefit plans has not been incorporated in these unconsolidated condensed interim financial statements.
- 3.3 Taxes on income, in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.
- 3.4 As stated in note 2.4 above, due to extension of the exemption applicable in respect of financial assets due from the GoP with respect to ECL method, the application of IAS 39 continues to be consistently applied to such financial assets during the exemption period.

|   | Note | (Un-Audited)<br>September 30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|---|------|---------------------------------------|-------------------------------|
|   |      | ----- (Rupees in '000) -----          |                               |
| <b>4. PROPERTY, PLANT AND EQUIPMENT</b> |      |                                       |                               |
| Operating fixed assets                  |      | 345,328,624                           | 337,416,723                   |
| Capital work-in-progress (CWIP)         | 4.2  | 148,839,125                           | 151,663,503                   |
| Right-of-use assets                     |      | 166,320                               | 167,983                       |
|   |      | <u>494,334,069</u>                    | <u>489,248,209</u>            |

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

|                                       | (Un-Audited)<br>Transfers from CWIP<br>(at cost) |                       | (Un-Audited)<br>Disposals<br>(at net book value) |                       |
|---------------------------------------|--|-----------------------|--|-----------------------|
|                                       | September 30,<br>2022                            | September 30,<br>2021 | September 30,<br>2022                            | September 30,<br>2021 |
|                                       | ----- (Rupees in '000) -----                     |                       |  |                       |
| Plant and machinery                   | 73,319   | 373,116               | 48,035   | 2,176                 |
| Transmission and distribution network | 13,794,354                                       | 327,836               | 134,170  | 123,444               |
| Others                                | 235,514  | 3,247                 | 24   | 3,121                 |
|                                       | <u>14,103,187</u>                                | <u>704,199</u>        | <u>182,229</u>                                   | <u>128,741</u>        |

- 4.1.1 The above disposal represents assets costing Rs. 751 million (September 30, 2021: Rs. 720 million) which were disposed off for Rs. 361 million (September 30, 2021: Rs. 1,003 million).



4.2 Details about CWIP are as follows:

|   | Plant and machinery | Transmission grid equipment / lines | Distribution network / renewals of mains and services | Others    | September 30, 2022 (Un-Audited) | June 30, 2022 (Audited) |
|---|---------------------|-------------------------------------|---|-----------|---------------------------------|-------------------------|
|   | (Rupees in '000)    |                                     |   |           |                                 |                         |
| Opening balance at the beginning of period / year                                   | 87,960,284          | 27,774,043                          | 30,069,697  | 5,859,479 | 151,663,503                     | 125,880,005             |
| Additions / inter-class transfers during the period (note 4.2.1)                    | 6,296,024           | 2,129,988                           | 2,888,779   | 265,455   | 11,580,244                      | 62,771,603              |
|   | 94,256,308          | 29,904,029                          | 32,958,476  | 6,124,934 | 163,243,747                     | 188,651,608             |
| Transfers to operating fixed assets and Intangible assets / adjustment (note 4.2.2) | (79,330)            | -                                   | (14,331,292)  | -         | (14,404,622)                    | (38,988,105)            |
| Closing balance at the end of period / year   | 94,182,978          | 29,904,029                          | 18,627,184  | 6,124,934 | 148,839,125                     | 151,663,503             |

4.2.1 These include borrowing cost capitalised during the period amounting to Rs. 5,394 million (September 30, 2021: Rs. 1,283 million).

4.2.2 These include certain assets written off during the period amounting to Rs. 195 million (September 30, 2021: Rs. Nil).

|  |      | (Un-Audited)<br>September 30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|--|------|---------------------------------------|-------------------------------|
|  |      | (Rupees in '000)                      |                               |
| 5. INVENTORIES   | Note |                                       |                               |
| High speed diesel (HSD)  |      | 1,060,616                             | 796,320                       |
| Furnace oil  |      | 4,120,959                             | 3,233,726                     |
|  |      | 5,181,575                             | 4,030,046                     |
| Stores, spare parts and loose tools  |      | 15,301,022                            | 14,362,377                    |
|  |      | 20,482,597                            | 18,392,423                    |
| Provision against slow moving and obsolete stores, spare parts and loose tools | 5.1  | (1,425,952)                           | (1,331,831)                   |
|  |      | 19,056,645                            | 17,060,592                    |

5.1 Provision against slow moving and obsolete stores, spare parts and loose tools

|  |           |           |
|--|-----------|-----------|
| Opening balance                              | 1,331,831 | 1,113,368 |
| Provision recognised during the period - net | 94,121    | 218,463   |
|  | 1,425,952 | 1,331,831 |

6. TRADE DEBTS

Considered good

|   |             |             |
|---|-------------|-------------|
| Secured – against deposits from consumers | 6,647,905   | 5,745,925   |
| Unsecured                                 | 99,420,711  | 131,097,109 |
|   | 106,068,616 | 136,843,034 |
| Considered doubtful                       | 106,713,941 | 100,618,760 |
|   | 212,782,557 | 237,461,794 |

|  |     |               |               |
|--|-----|---------------|---------------|
| Provision for impairment against debts considered doubtful | 6.3 | (106,713,941) | (100,618,760) |
|  |     | 106,068,616   | 136,843,034   |

6.1 These balances do not include any Late Payment Surcharge (LPS) on receivables from public sector consumers, as fully explained in note 11.1.1 to these unconsolidated condensed interim financial statements, 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 September 30, 2022, receivable from government and autonomous bodies amounting to Rs. 48,089 million (June 30, 2022: Rs. 48,309 million) includes unrecognised LPS of Rs. 8,598 million (June 30, 2022: Rs. 9,571 million); which includes receivable from Karachi Water and Sewerage Board (KW&SB) amounting to Rs. 33,867 million including unrecognised LPS of Rs. 5,241 million (June 30, 2022: Rs. 32,848 million including unrecognised LPS of Rs. 5,076 million) and receivable from City District Government Karachi (CDGK) amounting to Rs. 6,228 million including unrecognised LPS of Rs. 671 million (June 30, 2022: Rs. 8,449 million including unrecognised LPS of Rs. 1,926 million).

Upto September 30, 2022, adjustment orders amounting to Rs. 12,434 million (June 30, 2022: 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.

- 6.2 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, vide order received in September 2022, the Court has listed the Appeals for rehearing. Accordingly, the Appeals will be reheard and decided on merits.

|  | Note | (Un-Audited)<br>September 30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|--|------|---------------------------------------|-------------------------------|
|  |      | ----- (Rupees in '000) -----          |                               |
| 6.3 Provision for impairment                         |      |                                       |                               |
| Opening balance                                      |      | 100,618,760                           | 97,746,537                    |
| Provision recognised during the period / year        |      | 7,895,935                             | 19,332,532                    |
|  |      | 108,514,695                           | 117,079,069                   |
| Write-off against provision during the period / year |      | (1,800,754)                           | (16,460,309)                  |
|  |      | 106,713,941                           | 100,618,760                   |

## 7. OTHER RECEIVABLES

Due from the Government of Pakistan (GoP) and  
Government of Balochistan (GoB) - net:

- Tariff adjustment
- Sales tax - net
- Interest receivable from GoP on demand finance liabilities
- Others

7.1

Others

Provision for impairment

|             |             |
|-------------|-------------|
| 414,349,367 | 355,338,042 |
| 19,398,392  | 19,050,156  |
| 237,173     | 237,173     |
| 6,082,542   | 5,864,080   |
| 440,067,474 | 380,489,451 |
| 283,879     | 249,036     |
| 440,351,353 | 380,738,487 |
| (5,514,730) | (5,514,731) |
| 434,836,623 | 375,223,756 |

- 7.1 This includes Rs. 53,540 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, claim amounting to Rs. 14,489 million pertaining to year ended June 30, 2022 has been submitted which is also pending for determination by NEPRA.

- 7.2 There is no significant change in the status of the other matters detailed in notes 14.1 to the annual unconsolidated financial statements of KE for the year ended June 30, 2022.

|                             | (Un-Audited)<br>September 30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|-----------------------------|---------------------------------------|-------------------------------|
|                             | ----- (Rupees in '000) -----          |                               |
| 8. TRADE AND OTHER PAYABLES |                                       |                               |
| Trade creditors             |                                       |                               |
| Power purchases             | 345,551,017                           | 306,689,269                   |
| Fuel and gas                | 59,931,831                            | 49,490,805                    |
| Others                      | 19,667,987                            | 22,889,350                    |
|                             | 425,150,835                           | 379,069,424                   |
| Accrued expenses            | 5,986,612                             | 5,611,945                     |
| Contract liabilities        |                                       |                               |
| Energy                      | 1,338,305                             | 1,375,167                     |
| Others                      | 3,283,218                             | 3,785,276                     |
|                             | 4,621,523                             | 5,160,443                     |
| Other liabilities           | 51,994,296                            | 49,418,968                    |
|                             | 487,753,266                           | 439,260,780                   |

## 9. TAXATION - NET

There is no significant change in the status of the tax related contingencies as disclosed in note 42.1 of the annual unconsolidated financial statements of KE for the year ended June 30, 2022.

|                                  | Note | (Un-Audited)<br>September 30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|----------------------------------|------|---------------------------------------|-------------------------------|
|                                  |      | ----- (Rupees in '000) -----          |                               |
| <b>10. SHORT-TERM BORROWINGS</b> |      |                                       |                               |
| <b>Secured:</b>                  |      |                                       |                               |
| <b>From banking companies:</b>   |      |                                       |                               |
| Bills payable                    | 10.1 | 34,168,490                            | 34,813,883                    |
| Short-term running finances      | 10.1 | 48,154,235                            | 44,721,569                    |
|                                  |      | 82,322,725                            | 79,535,452                    |
| <b>From others:</b>              |      |                                       |                               |
| Privately placed sukuk           | 10.2 | 25,000,000                            | 28,000,000                    |
|                                  |      | 107,322,725                           | 107,535,452                   |

10.1 Details about these facilities have been stated in note 29 to the annual unconsolidated financial statements of KE for the year ended June 30, 2022.

10.2 These represent five distinct privately placed and unsecured Sukuk certificates of 6 months' tenor amounting to Rs. 25 billion (issue size) in aggregate maturing from October 13, 2022 to March 21, 2023. These carry profit at 6 month KIBOR + 0.95% to 1.40% per annum.

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

11.1.1 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 September 30, 2022, the MoF has released KE's tariff differential claims aggregating Rs. 472,850 million (June 30, 2022: Rs. 465,891 million) directly to NTDC / CPPA. Additionally, KE has also directly paid Rs. 67,167 million up to September 30, 2022 (June 30, 2022: Rs. 67,167 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 District 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 adjudication 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 September 30, 2022 amounts to Rs. 121,325 million (June 30, 2022: Rs. 113,720 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 September 30, 2022 aggregates to Rs. 133,624 million (June 30, 2022: Rs. 129,505 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 and HCA is pending adjudication to date. KE has also initiate contempt proceedings against MD SSGC for violation of order dated June 13, 2018 in Suit No. 4615 of 2018 which is pending before the Sindh High Court.

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 period, 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 April 23, 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 consequently KE had to delay the current payments of SSGC bills for RLNG. SSGC, in response, has claimed markup on the delayed payments of RLNG which aggregates to Rs. 1,927 million upto September 30, 2022 (June 30, 2022: Rs. 309 million) 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, 2022: Rs. 5,269 million) is being maintained by KE in these condensed interim financial statements on account of mark-up on delayed payment.

**11.1.2** There has been no significant change in the status of contingencies as disclosed in notes 32.1.2 to 32.1.6 of the annual unconsolidated financial statement of KE for the year ended June 30, 2022.

## **11.2 Claims not acknowledged as debts**

**11.2.1** Claims not acknowledged as debts as disclosed in notes 32.2 to the annual unconsolidated financial statements of KE for the year ended June 30, 2022 remained unchanged.

|  | (Un-Audited)<br>September 30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|--|---------------------------------------|-------------------------------|
|  | ----- (Rupees in '000) -----          |                               |
| <b>11.3 Commitments</b>  |                                       |                               |
| <b>11.3.1</b> Guarantees from banks  | 6,265,959                             | 6,134,039                     |
| <b>11.3.2</b> Transmission projects  | 26,277,388                            | 26,128,344                    |
| <b>11.3.3</b> BQPS III 900 MW combined cycle power plant & associated transmission project | 23,020,081                            | 21,068,317                    |
| <b>11.3.4</b> Outstanding letters of credit  | 9,314,949                             | 10,305,045                    |
| <b>11.3.5</b> Dividend on preference shares  | 1,119,453                             | 1,119,453                     |

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

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

|   | (Un-Audited)<br>September 30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|---|---------------------------------------|-------------------------------|
|   | ----- (Rupees in '000) -----          |                               |
| - Not later than one year                           | 465,418                               | 425,062                       |
| - Later than one year and not later than five years | 727,037                               | 638,515                       |

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

| 12. | SALE OF ENERGY - NET | Note | (Un-Audited)                 |                       |
|-----|----------------------|------|------------------------------|-----------------------|
|     |                      |      | September 30,<br>2022        | September 30,<br>2021 |
|     |                      |      | ----- (Rupees in '000) ----- |                       |
|     | Gross revenue        | 12.1 | 123,933,722                  | 107,841,930           |
|     | Sales tax            |      | (26,557,006)                 | (15,901,869)          |
|     | Other taxes          |      | (8,812,903)                  | (5,018,739)           |
|     | Net revenue          | 12.2 | <u>88,563,813</u>            | <u>86,921,322</u>     |

12.1 Gross revenue is net-off an amount of Rs. 1,705 million (September 30, 2021: Rs. 788 million) representing invoices raised during the period for energy consumed, however, these invoices are considered non-recoverable.

| 12.2 | Net Revenue               | Note   | (Un-Audited)                 |                       |
|------|---------------------------|--------|------------------------------|-----------------------|
|      |                           |        | September 30,<br>2022        | September 30,<br>2021 |
|      |                           |        | ----- (Rupees in '000) ----- |                       |
|      | Residential               | 12.2.1 | 47,011,895                   | 36,298,204            |
|      | Commercial                | 12.2.1 | 18,323,888                   | 13,710,389            |
|      | Industrial                | 12.2.1 | 38,952,273                   | 28,491,064            |
|      | Fuel surcharge adjustment | 12.2.2 | (16,081,096)                 | 8,102,869             |
|      | Others                    |        | 356,853                      | 318,796               |
|      |                           |        | <u>88,563,813</u>            | <u>86,921,322</u>     |

12.2.1 The above includes net cycle day impact amounting to Rs. 5,522 million (September 30, 2021: reduction in revenue by Rs. 869 million).

12.2.2 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.

| 13. | TARIFF ADJUSTMENT | Note        | (Un-Audited)                 |                       |
|-----|-------------------|-------------|------------------------------|-----------------------|
|     |                   |             | September 30,<br>2022        | September 30,<br>2021 |
|     |                   |             | ----- (Rupees in '000) ----- |                       |
|     |                   | 13.1 & 13.2 | <u>65,970,240</u>            | <u>27,218,168</u>     |

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

13.2 Includes Rs. 1,903 million comprising dues of 24,123 consumers (September 30, 2021: Rs 571 million comprising dues of 2,366 consumers) recognized during the three months period ended September 30, 2022 against actual write-off of bad debts under the MYT decision dated July 5, 2018 for the period from July 1, 2016 to June 30, 2023.

| 14. | PURCHASE OF ELECTRICITY   |  | (Un-Audited)                 |                       |
|-----|---|--|------------------------------|-----------------------|
|     |   |  | September 30,<br>2022        | September 30,<br>2021 |
|     |   |  | ----- (Rupees in '000) ----- |                       |
|     | Central Power Purchasing Agency (Guarantee) Limited (CPPA) / NTDC |  | 39,661,897                   | 29,080,502            |
|     | Independent Power Producers (IPPs) / other power purchase sources |  | 21,182,103                   | 13,648,851            |
|     | Karachi Nuclear Power Plant (KANUPP)                              |  | -                            | 852,135               |
|     |   |  | <u>60,844,000</u>            | <u>43,581,488</u>     |

| 15. | CONSUMPTION OF FUEL AND OIL  |  | (Un-Audited)                 |                       |
|-----|------------------------------|--|------------------------------|-----------------------|
|     |                              |  | September 30,<br>2022        | September 30,<br>2021 |
|     |                              |  | ----- (Rupees in '000) ----- |                       |
|     | Natural gas / RLNG           |  | 34,004,379                   | 30,957,833            |
|     | Furnace and other fuel / oil |  | 43,384,915                   | 15,602,823            |
|     | High speed diesel (HSD)      |  | 1,140,457                    | 1,050,295             |
|     |                              |  | <u>78,529,751</u>            | <u>47,610,951</u>     |

|     |   | (Un-Audited)                 |                       |
|-----|---|------------------------------|-----------------------|
|     | Note  | September 30,<br>2022        | September 30,<br>2021 |
|     |   | ----- (Rupees in '000) ----- |                       |
| 16. | OTHER OPERATING EXPENSES  |                              |                       |
|     | Exchange loss - net   | 4,035,413                    | 1,368,861             |
|     | Workers' profits participation fund   | -                            | 210,605               |
|     | Interest on consumer deposits   | -                            | 127,004               |
|     | Donations   | 16,112                       | 18,519                |
|     | Listing fee   | 3,971                        | 1,411                 |
|     | Others  | 234,276                      | 83,105                |
|     |   | <u>4,289,772</u>             | <u>1,809,505</u>      |
| 17. | FINANCE COST  |                              |                       |
|     | Mark-up / interest on:  |                              |                       |
|     | - Long term financing   | 2,270,050                    | 1,422,790             |
|     | - Short-term borrowings   | 2,549,435                    | 979,674               |
|     |   | <u>4,819,485</u>             | <u>2,402,464</u>      |
|     | Late payment surcharge on delayed payment to creditors                          | 112,997                      | 1,000                 |
|     | Bank charges, guarantee commission, commitment fee<br>and other service charges | 148,222                      | 104,372               |
|     | Finance cost on lease liabilities   | 5,692                        | 4,102                 |
|     | Letters of credit discounting charges   | 1,328,302                    | 475,744               |
|     |   | <u>6,414,698</u>             | <u>2,987,682</u>      |
| 18. | CASH AND CASH EQUIVALENTS   |                              |                       |
|     | Cash and bank balances  | 5,111,987                    | 2,665,900             |
|     | Short-term running finances   | (48,154,235)                 | (37,182,404)          |
|     |   | <u>(43,042,248)</u>          | <u>(34,516,504)</u>   |

**19. TRANSACTIONS WITH RELATED PARTIES**

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

**19.1 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 government related / state-owned entities except for transactions included below, which KE considers to be significant:

|  |  | (Un-Audited)          |                       |
|--|--|-----------------------|-----------------------|
|  |  | September 30,<br>2022 | September 30,<br>2021 |
|  |  | (Rupees in '000)      |                       |
| <b>CPPA / NTDC</b>                               | Power purchases  | 39,661,897            | 29,080,502            |
| <b>Pakistan State Oil Company Limited</b>        | Purchase of furnace oil / HSD & other lubricants                             | 16,809,243            | 15,969,245            |
| <b>Sui Southern Gas Company Limited</b>          | Purchase of gas  | 27,037,665            | 30,957,833            |
| <b>Pakistan LNG Limited</b>                      | Purchase of gas  | 6,966,714             | -                     |
| <b>19.2 Hascol Petroleum Limited (note 19.7)</b> | Purchase of furnace oil  | -                     | 1,942,418             |
| <b>19.3 Subsidiary - K-Solar</b>                 | Management fee income  | 1,141                 | 1,870                 |
|  | Salary of deputed staff  | 5,751                 | 3,977                 |
| <b>19.4 Key management personnel</b>             | Managerial remuneration  | 185,331               | 154,475               |
|  | Other allowances and benefits  | 40,922                | 37,382                |
|  | Retirement benefits  | 48,184                | 22,353                |
|  | Leave encashment   | 1,706                 | 555                   |
| <b>19.5 Provident fund</b>                       | Contribution to provident fund   | 314,910               | 287,196               |
| <b>19.6 Gratuity fund</b>                        | Contribution to gratuity fund  | 377,280               | 70,169                |
| <b>19.7</b>                                      | During the period, Hascol Petroleum Limited was not the related party of KE. |                       |                       |

## 20. 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 segments 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.

| September 30, 2022                                    |                     |              |              |              |              |           |
|---|---------------------|--------------|--------------|--------------|--------------|-----------|
|   | Generation          | Transmission | Distribution | Un-allocated | Eliminations | Total     |
|   | (Rupees in million) |              |              |              |              |           |
| Segment revenue                                       | -                   | -            | 154,534      | -            | -            | 154,534   |
| Inter-segment revenue                                 | 88,898              | 6,948        | -            | -            | (95,846)     | -         |
| Total revenue   | 88,898              | 6,948        | 154,534      | -            | (95,846)     | 154,534   |
| Purchase of electricity / Consumption of fuel and oil | (78,530)            | -            | (156,690)    | -            | 95,846       | (139,374) |
| Contribution Margin                                   | 10,368              | 6,948        | (2,156)      | -            | -            | 15,160    |
| O&M expenses  | (1,386)             | (1,258)      | (6,252)      | -            | -            | (8,896)   |
| Other operating expenses                              | (3,378)             | (679)        | (233)        | -            | -            | (4,290)   |
| Other income  | 66                  | 160          | 3,010        | -            | -            | 3,236     |
| Impairment loss against trade debts                   | -                   | -            | (7,896)      | -            | -            | (7,896)   |
| (LBITDA) / EBITDA                                     | 5,670               | 5,171        | (13,527)     | -            | -            | (2,686)   |
| Depreciation and amortisation                         | (3,463)             | (1,006)      | (1,637)      | -            | -            | (6,106)   |
| EBIT  | 2,207               | 4,165        | (15,164)     | -            | -            | (8,792)   |
| Finance cost  | (2,029)             | (1,703)      | (2,683)      | -            | -            | (6,415)   |
| Profit / (loss) before taxation                       | 178                 | 2,462        | (17,847)     | -            | -            | (15,207)  |
| Taxation - Current                                    | (650)               | (51)         | (428)        | -            | -            | (1,129)   |
| Taxation - Deferred                                   | -                   | -            | -            | -            | -            | -         |
| Profit / (loss) for the year                          | (472)               | 2,411        | (18,275)     | -            | -            | (16,336)  |

| September 30, 2021                                    |                     |              |              |              |              |          |
|---|---------------------|--------------|--------------|--------------|--------------|----------|
|   | Generation          | Transmission | Distribution | Un-allocated | Eliminations | Total    |
|   | (Rupees in million) |              |              |              |              |          |
| Segment revenue                                       | -                   | -            | 114,139      | -            | -            | 114,139  |
| Inter-segment revenue                                 | 57,746              | 7,354        | -            | -            | (65,100)     | -        |
| Total revenue   | 57,746              | 7,354        | 114,139      | -            | (65,100)     | 114,139  |
| Purchase of electricity / Consumption of fuel and oil | (47,610)            | -            | (108,682)    | -            | 65,100       | (91,192) |
| Contribution Margin                                   | 10,136              | 7,354        | 5,457        | -            | -            | 22,947   |
| O&M expenses  | (1,638)             | (1,288)      | (5,404)      | -            | -            | (8,330)  |
| Other operating expenses                              | (1,298)             | (332)        | (179)        | -            | -            | (1,809)  |
| Other income  | 35                  | 269          | 2,581        | -            | -            | 2,885    |
| Impairment loss against trade debts                   | -                   | -            | (3,855)      | -            | -            | (3,855)  |
| (LBITDA) / EBITDA                                     | 7,235               | 6,003        | (1,400)      | -            | -            | 11,838   |
| Depreciation and amortisation                         | (2,748)             | (914)        | (1,187)      | -            | -            | (4,849)  |
| EBIT  | 4,487               | 5,089        | (2,587)      | -            | -            | 6,989    |
| Finance cost  | (1,114)             | (699)        | (1,175)      | -            | -            | (2,988)  |
| Profit / (loss) before taxation                       | 3,373               | 4,390        | (3,762)      | -            | -            | 4,001    |
| Taxation - Current                                    | (478)               | (621)        | -            | -            | -            | (1,099)  |
| Taxation - Deferred                                   | -                   | -            | -            | -            | -            | -        |
| Profit / (loss) for the year                          | 2,895               | 3,769        | (3,762)      | -            | -            | 2,902    |

|                    | (Un-Audited)<br>September 30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|--------------------|---------------------------------------|-------------------------------|
|                    | (Rupees in million)                   |                               |
| <b>Assets</b>      |                                       |                               |
| Generation         | 256,378                               | 257,243                       |
| Transmission       | 156,779                               | 142,794                       |
| Distribution       | 662,077                               | 618,783                       |
| Un-allocated       | 33,296                                | 41,308                        |
|                    | <u>1,108,530</u>                      | <u>1,060,128</u>              |
| <b>Liabilities</b> |                                       |                               |
| Generation         | 227,776                               | 201,613                       |
| Transmission       | 72,914                                | 66,930                        |
| Distribution       | 528,739                               | 491,913                       |
| Un-allocated       | 45,265                                | 49,500                        |
|                    | <u>874,694</u>                        | <u>809,956</u>                |

## 21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 21.1 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.

There have been no changes in the financial risk management policies of KE during the period, consequently these unconsolidated condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual unconsolidated financial statements.

|        |  | (Un-Audited)<br>September 30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|--------|--|---------------------------------------|-------------------------------|
|        |  | ----- (Rupees in '000) -----          |                               |
| 21.2   | <b>Financial risk factors</b>  |                                       |                               |
|        | <b>Financial assets measured at fair value through</b>   |                                       |                               |
|        | Derivative financial assets  | 13,212,669                            | 8,033,631                     |
| 21.2.1 | Derivative financial assets and liabilities 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.   |                                       |                               |
| 21.2.2 | There were no transfers amongst the levels during the period. Further, there were no changes in the valuation techniques during the period.  |                                       |                               |
| 21.2.3 | The different levels of fair value measurement methods have been defined as follows:   |                                       |                               |
|        | <ul style="list-style-type: none"> <li>- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);</li> <li>- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and</li> <li>- Inputs for the asset or liability that are not based on observable market data (level 3).</li> </ul> |                                       |                               |
| 21.3   | <b>Fair value of financial assets and liabilities</b>  |                                       |                               |
|        | The carrying value of all financial assets and liabilities reflected in these unconsolidated condensed interim financial statements approximate their fair values.   |                                       |                               |
| 22.    | <b>CORRESPONDING FIGURES</b>   |                                       |                               |
|        | Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison.   |                                       |                               |
| 23.    | <b>DATE OF AUTHORIZATION FOR ISSUE</b>   |                                       |                               |
|        | These unconsolidated condensed interim financial statements were authorized for issue on <u>October 28, 2022</u> by the Board of Directors of KE.  |                                       |                               |
| 24.    | <b>GENERAL</b>   |                                       |                               |
|        | All figures have been rounded off to the nearest thousand of Pakistan Rupees, unless otherwise stated.   |                                       |                               |

  
Chief Executive Officer

  
Director

  
Chief Financial Officer





**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 202**

**K-ELECTRIC LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2022**

|  |    | Un-Audited            | Audited              |
|--|----|-----------------------|----------------------|
|  |    | September 30,<br>2022 | June 30,<br>2022     |
| Note   |    | (Rupees in '000)      |                      |
| <b>ASSETS</b>  |    |                       |                      |
| <b>Non-current assets</b>                                      |    |                       |                      |
|  | 4  | 494,375,174           | 489,283,684          |
| Property, plant and equipment                                  |    | 553,180               | 518,889              |
| Intangible assets  |    | 2,910,703             | 2,925,942            |
| Investment property  |    | 17,799,793            | 16,323,268           |
| Other financial assets - at amortised cost                     |    | 11,315                | 11,899               |
| Long-term loans  |    | 14,600                | 14,600               |
| Long-term deposits   |    | 39,320                | 27,868               |
| Deferred tax asset   |    | 515,704,085           | 509,106,150          |
| <b>Current assets</b>  |    |                       |                      |
| Inventories  | 5  | 19,080,369            | 17,105,276           |
| Trade debts  | 6  | 106,146,818           | 136,963,108          |
| Loans and advances   |    | 2,027,235             | 1,689,165            |
| Deposits and short-term prepayments                            |    | 10,702,787            | 8,057,751            |
| Other receivables  | 7  | 434,836,324           | 375,198,048          |
| Current maturity of other financial assets - at amortised cost |    | 1,617,881             | 1,088,032            |
| Derivative financial assets                                    |    | 13,212,669            | 8,033,631            |
| Cash and bank balances   |    | 5,203,718             | 2,899,473            |
|  |    | 592,827,801           | 551,034,484          |
| <b>TOTAL ASSETS</b>  |    | <b>1,108,531,886</b>  | <b>1,060,140,634</b> |
| <b>EQUITY AND LIABILITIES</b>                                  |    |                       |                      |
| <b>SHARE CAPITAL AND RESERVES</b>                              |    |                       |                      |
| Issued, subscribed and paid-up capital                         |    | 96,261,551            | 96,261,551           |
| <b>Reserves</b>  |    |                       |                      |
| <b>Capital reserves</b>  |    |                       |                      |
| Share premium and other reserves                               |    | 2,009,172             | 2,009,172            |
| Revaluation surplus on property, plant and equipment           |    | 68,285,453            | 69,713,296           |
|  |    | 70,294,625            | 71,722,468           |
| <b>Revenue reserves</b>  |    |                       |                      |
| General reserves   |    | 5,372,356             | 5,372,356            |
| Unappropriated profit  |    | 61,817,832            | 76,742,861           |
|  |    | 67,190,188            | 82,115,217           |
| <b>TOTAL EQUITY</b>  |    | <b>137,484,813</b>    | <b>153,837,685</b>   |
|  |    | 233,746,364           | 250,099,236          |
| <b>LIABILITIES</b>   |    |                       |                      |
| <b>Non-current liabilities</b>                                 |    |                       |                      |
| Long-term diminishing musharaka                                |    | 21,092,108            | 21,077,900           |
| Long-term financing  |    | 138,356,825           | 130,660,289          |
| Lease liabilities  |    | 172,349               | 164,701              |
| Long-term deposits   |    | 14,238,671            | 13,976,931           |
| Employee retirement benefits                                   |    | 5,420,428             | 5,492,679            |
| Deferred revenue   |    | 33,415,634            | 30,580,528           |
|  |    | 212,696,015           | 201,953,028          |
| <b>Current liabilities</b>                                     |    |                       |                      |
| Current maturity of long-term diminishing musharaka            |    | 3,750,000             | 3,750,000            |
| Current maturity of long-term financing                        |    | 24,242,612            | 19,888,341           |
| Current maturity of lease liabilities                          |    | 27,659                | 32,750               |
| Trade and other payables                                       | 8  | 487,823,566           | 439,323,801          |
| Unclaimed dividend   |    | 645                   | 645                  |
| Accrued mark-up  |    | 11,351,567            | 10,629,604           |
| Taxation - net   | 9  | 1,462,835             | 897,273              |
| Short-term borrowings  | 10 | 107,322,725           | 107,535,452          |
| Short-term deposits  |    | 26,089,406            | 26,012,012           |
| Provision  |    | 18,492                | 18,492               |
|  |    | 662,089,507           | 608,088,370          |
| <b>TOTAL LIABILITIES</b>                                       |    | <b>874,785,522</b>    | <b>810,041,398</b>   |
| <b>Contingencies and Commitments</b>                           | 11 |                       |                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>                            |    | <b>1,108,531,886</b>  | <b>1,060,140,634</b> |

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.

  
**Chief Executive Officer**


  
**Director**

  
**Chief Financial Officer**

**K-ELECTRIC LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

|  |             | <b>Three months period ended</b>   |                          |
|--|-------------|------------------------------------|--------------------------|
|  |             | <b>September 30,</b>               | <b>September 30,</b>     |
|  |             | <b>2022</b>                        | <b>2021</b>              |
|  |             | <b>------(Rupees in '000)-----</b> |                          |
|  | <b>Note</b> |                                    |                          |
| <b>REVENUE</b>   |             |                                    |                          |
| Net Revenue  | 12          | 88,613,715                         | 86,953,551               |
| Tariff adjustment  | 13          | 65,970,240                         | 27,218,168               |
|  |             | <u>154,583,955</u>                 | <u>114,171,719</u>       |
| <b>COST OF SALES</b>   |             |                                    |                          |
| Purchase of electricity  | 14          | (60,844,000)                       | (43,581,488)             |
| Consumption of fuel and oil  | 15          | (78,529,751)                       | (47,610,951)             |
| Expenses incurred in generation, transmission and distribution               |             | (7,118,625)                        | (6,306,942)              |
| Other cost of sales  |             | (38,750)                           | (28,852)                 |
|  |             | <u>(146,531,126)</u>               | <u>(97,528,233)</u>      |
| <b>GROSS PROFIT</b>  |             | <b>8,052,829</b>                   | <b>16,643,486</b>        |
| Consumers services and administrative expenses                               |             | (7,922,755)                        | (6,891,709)              |
| Impairment loss against trade debts  |             | (7,895,935)                        | (3,855,459)              |
| Other operating expenses   | 16          | (4,289,772)                        | (1,809,505)              |
| Other income   |             | 3,236,263                          | 2,885,504                |
|  |             | <u>(16,872,199)</u>                | <u>(9,671,169)</u>       |
| <b>(LOSS) / PROFIT BEFORE FINANCE COST</b>                                   |             | <b>(8,819,370)</b>                 | <b>6,972,317</b>         |
| Finance cost   | 17          | (6,415,257)                        | (2,988,059)              |
| <b>(LOSS) / PROFIT BEFORE TAXATION</b>                                       |             | <b>(15,234,627)</b>                | <b>3,984,258</b>         |
| Taxation   |             | (1,118,245)                        | (1,099,387)              |
| <b>(LOSS) / PROFIT FOR THE PERIOD</b>  |             | <b><u>(16,352,872)</u></b>         | <b><u>2,884,871</u></b>  |
| <b>(LOSS) / EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION</b> |             | <b><u>(2,711,313)</u></b>          | <b><u>11,822,279</u></b> |
|  |             | <b>------(Rupees)-----</b>         |                          |
| <b>(LOSS) / EARNING PER SHARE - BASIC AND DILUTED</b>                        |             | <b><u>(0.59)</u></b>               | <b><u>0.10</u></b>       |

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.

  
**Chief Executive Officer**

  
**Director**

  
**Chief Financial Officer**

**K-ELECTRIC LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

|   | <b>Three months period ended</b>   |                               |
|---|------------------------------------|-------------------------------|
|   | <b>September 30,<br/>2022</b>      | <b>September 30,<br/>2021</b> |
|   | <b>------(Rupees in '000)-----</b> |                               |
| Net (loss) / profit for the period                        | (16,352,872)                       | 2,884,871                     |
| <b>Other comprehensive income:</b>                        |                                    |                               |
| Items that may be reclassified to profit or loss          |                                    |                               |
| Changes in fair value of cash flow hedges                 | 5,744,138                          | 1,868,206                     |
| Adjustment for amounts transferred to profit or loss      | (5,744,138)                        | (1,868,206)                   |
|   | -                                  | -                             |
| <b>Total comprehensive (loss) / income for the period</b> | <b>(16,352,872)</b>                | <b>2,884,871</b>              |

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.

  
**Chief Executive Officer**

  
**Director**

  
**Chief Financial Officer**

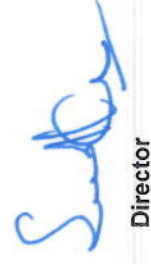


**K-ELECTRIC LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

|   | Issued, subscribed and paid-up capital |                   |                     | Reserves      |          |   | Total       |                  |                       |              |
|---|--|-------------------|---------------------|---------------|----------|---|-------------|------------------|-----------------------|--------------|
|   | Ordinary shares                        | Transaction costs | Total share capital | Capital       | Reserves | Revenue   |             |                  |                       |              |
|   |  |                   |                     | Share premium | Others   | Revaluation surplus on property, plant and equipment - net of tax | Total       | General reserves | Unappropriated profit | Total        |
| (Rupees in '000)  |  |                   |                     |               |          |   |             |                  |                       |              |
| Balance as at July 1, 2021  | 96,653,179                             | (391,628)         | 96,261,551          | 1,500,000     | 509,172  | 55,932,669  | 57,941,841  | 5,372,356        | 64,375,768            | 69,748,124   |
| Total comprehensive income for the three months period ended September 30, 2021   |  |                   |                     |               |          |   |             |                  |                       |              |
| Profit for the period   | -                                      | -                 | -                   | -             | -        | -   | -           | -                | 2,884,871             | 2,884,871    |
| Other comprehensive income  | -                                      | -                 | -                   | -             | -        | -   | -           | -                | 2,884,871             | 2,884,871    |
| Incremental depreciation charged relating to revaluation surplus of property, plant and equipment and disposals - net of deferred tax | -                                      | -                 | -                   | -             | -        | (1,073,087)   | (1,073,087) | -                | 1,073,087             | -            |
| Balance as at September 30, 2021  | 96,653,179                             | (391,628)         | 96,261,551          | 1,500,000     | 509,172  | 54,859,582  | 56,868,754  | 5,372,356        | 68,333,726            | 73,706,082   |
| Balance as at July 1, 2022  | 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   |
| Total comprehensive loss for the three months period ended September 30, 2022   |  |                   |                     |               |          |   |             |                  |                       |              |
| Loss for the period   | -                                      | -                 | -                   | -             | -        | -   | -           | -                | (16,352,872)          | (16,352,872) |
| Other comprehensive income  | -                                      | -                 | -                   | -             | -        | -   | -           | -                | (16,352,872)          | (16,352,872) |
| Incremental depreciation charged relating to revaluation surplus of property, plant and equipment and disposals - net of deferred tax | -                                      | -                 | -                   | -             | -        | (1,427,843)   | (1,427,843) | -                | 1,427,843             | -            |
| Balance as at September 30, 2022  | 96,653,179                             | (391,628)         | 96,261,551          | 1,500,000     | 509,172  | 68,285,453  | 70,294,625  | 5,372,356        | 61,817,832            | 67,190,188   |

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.

  
**Chief Executive Officer**

  
**Director**

  
**Chief Financial Officer**

**K-ELECTRIC LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

OR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

|  |             | Three months period ended    |                       |
|--|-------------|------------------------------|-----------------------|
|  |             | September 30,<br>2022        | September 30,<br>2021 |
|  |             | ----- (Rupees in '000) ----- |                       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          | <b>Note</b> |                              |                       |
| (Loss) / profit before taxation                                      |             | (15,234,627)                 | 3,984,258             |
| <b>Adjustments for non-cash charges and other items:</b>             |             |                              |                       |
| Depreciation and amortisation  |             | 6,108,057                    | 4,849,962             |
| Provision for employee retirement benefits                           |             | 305,029                      | 251,716               |
| Provision for slow moving and obsolete inventories - net             |             | 94,121                       | 32,423                |
| Impairment loss against trade debts                                  |             | 7,895,935                    | 3,855,459             |
| Provision against fatal accident cases                               |             | -                            | (1,700)               |
| Gain on sale of property, plant and equipment                        |             | (178,250)                    | (874,527)             |
| Unrealised gain on derivative financial assets                       |             | (5,744,138)                  | (1,868,206)           |
| Unrealised exchange loss   |             | 6,521,776                    | 1,784,744             |
| Interest income on term deposits                                     |             | (120,307)                    | -                     |
| Finance cost   |             | 6,415,197                    | 2,988,252             |
| Amortisation of deferred revenue                                     |             | (669,783)                    | (584,206)             |
| Return on bank deposits  |             | (241,298)                    | (72,309)              |
| <b>Operating profit before working capital changes</b>               |             | <b>5,151,712</b>             | <b>14,345,866</b>     |
| <b>Working capital changes:</b>                                      |             |                              |                       |
| <b>(Increase) / decrease in current assets</b>                       |             |                              |                       |
| Inventories  |             | (2,069,215)                  | (4,277,162)           |
| Trade debts  |             | 22,920,356                   | (7,753,086)           |
| Loans and advances   |             | (363,716)                    | 534,275               |
| Deposits and short term prepayments                                  |             | (2,647,355)                  | (361,519)             |
| Other receivables  |             | (59,553,494)                 | (20,533,230)          |
|  |             | (41,713,424)                 | (32,390,722)          |
| <b>Increase / (decrease) in current liabilities</b>                  |             |                              |                       |
| Trade and other payables   |             | 47,596,741                   | 28,121,599            |
| Short-term deposits  |             | 77,394                       | 2,766,242             |
|  |             | 47,674,135                   | 30,887,841            |
| <b>Cash generated from operations</b>                                |             | <b>11,112,423</b>            | <b>12,842,985</b>     |
| Employee retirement benefits paid                                    |             | (377,280)                    | (70,174)              |
| Income tax paid  |             | (564,289)                    | (2,303,684)           |
| Receipts in deferred revenue   |             | 3,504,889                    | 376,708               |
| Receipt of interest income on term deposits                          |             | 63,645                       | -                     |
| Finance cost paid  |             | (10,965,490)                 | (2,688,599)           |
| Interest received on bank deposits                                   |             | 241,298                      | 72,309                |
| Long-term loans  |             | 584                          | 454                   |
|  |             | (8,096,643)                  | (4,612,986)           |
| <b>Net cash generated from operating activities</b>                  |             | <b>3,015,780</b>             | <b>8,229,999</b>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |             |                              |                       |
| Capital expenditure incurred   |             | (5,998,696)                  | (10,639,765)          |
| Proceeds from disposal of property, plant and equipment              |             | 360,479                      | 1,003,268             |
| Investment in other financial asset - at amortised cost              |             | (2,006,374)                  | -                     |
| <b>Net cash used in investing activities</b>                         |             | <b>(7,644,591)</b>           | <b>(9,636,497)</b>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                          |             |                              |                       |
| Proceeds from / (Repayment of) long-term diminishing musharaka - net |             | 14,208                       | (1,081,560)           |
| Proceeds from / (Repayment of) long-term financing - net             |             | 6,881,313                    | (3,560,988)           |
| Lease payments   |             | (11,478)                     | (11,796)              |
| (Repayment of) / Proceeds from short-term borrowings - net           |             | (3,645,393)                  | 7,171,675             |
| Security deposit from consumers                                      |             | 261,740                      | 322,378               |
| <b>Net cash generated from financing activities</b>                  |             | <b>3,500,390</b>             | <b>2,839,709</b>      |
| <b>Net (decrease) / increase in cash and cash equivalents</b>        |             | <b>(1,128,421)</b>           | <b>1,433,211</b>      |
| Cash and cash equivalents at beginning of the period                 |             | (41,822,096)                 | (35,798,805)          |
| <b>Cash and cash equivalents at end of the period</b>                | <b>18</b>   | <b>(42,950,517)</b>          | <b>(34,365,594)</b>   |

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.

  
**Chief Executive Officer**

  
**Director**

  
**Chief Financial Officer**

**K-ELECTRIC LIMITED**  
**NOTES TO CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

**1. LEGAL STATUS AND ITS OPERATIONS**

The Group consists of K-Electric Limited (KE) 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** 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.

**1.1.2** 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 KE) incorporated in Cayman Islands, holds 66.40 percent (June 30, 2022: 66.40 percent) shares in KE.

**1.1.3** The business units of KE include the following:

| Place of business   | Geographical location                                    |
|---|--|
| Registered / Head Office  | KE House, 39-B, Sunset Boulevard, Phase II, DHA, Karachi |
| Generation Plants   | Port Qasim, Korangi & S.I.T.E., Karachi                  |
| Elander Road Office   | Elander Road, Karachi                                    |
| Civic Centre Office   | Civic Centre, Karachi                                    |
| Integrated Business Centres (IBCs), grid stations, inventory stores / warehouses and substations are located across KE'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 but not limited to businesses dealing in electricity and all other forms of energy, and products or services associated therewith. Sunset Boulevard, Phase II, DHA, Karachi.

KE along with its nominees held 100% shares of KEVCL as at September 30, 2022 (June 30, 2022: 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.

KE held 100% effective shareholding of K-Solar as at September 30, 2022 (June 30, 2022: 100% holding).

**1.4** As notified on the Pakistan Stock Exchange on October 28, 2016, Shanghai Electric Power Company Limited (SEP) has entered into a Sale and Purchase Agreement (SPA) with KES Power Limited (the Holding Company) to acquire up to 66.40 percent of the shares in the Company. The completion of the transaction contemplated by SPA is subject to receipt of applicable regulatory approvals and satisfaction of other conditions precedent specified therein.

SEP notified its initial Public Announcement of Intention (PAI) for the above equity acquisition on October 3, 2016. Subsequently, in order to comply with the statutory requirements under the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017, SEP notified PAIs on different dates with latest PAI being notified on September 28, 2022 incorporating amended / additional requirements pursuant to the Securities Act, 2015 and the aforementioned regulations.

- 1.5 KE, being a regulated entity, is governed through Multi Year Tariff (MYT) regime. National Electric Power Regulatory Authority (NEPRA) vide its determination dated July 5, 2018 determined the MYT for the period commencing from July 1, 2016 till June 30, 2023 (MYT 2017-23). 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 is pending. 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.

KE's revenue recorded in these consolidated condensed interim financial statements is based on the aforementioned MYT decision.

- 1.6 KE filed Mid Term Review (MTR) petition with NEPRA 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 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 consolidated condensed interim financial statements.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

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

- 2.2 These consolidated condensed interim financial statements do not include all the information and disclosures required in annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of KE for the year ended June 30, 2022.
- 2.3 In order to comply with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', the consolidated condensed interim statement of financial position has been compared with the balances of annual consolidated financial statements of the immediately preceding financial year, whereas, the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cashflows have been compared with the balances of comparable period of the immediately preceding financial year.
- 2.4 There were certain amendments to accounting and reporting standards which became effective for KE during the period. However, these do not have any significant impact on KE's financial reporting and, therefore, have not been disclosed in these consolidated condensed interim financial statements.

In addition to the above, in response to KE's application, the SECP through its letter dated October 19, 2022, has provided an extension in exemption from the requirements contained in IFRS 9 'Financial Instruments', with respect to application of Expected Credit Loss (ECL) method on financial assets due from Government of Pakistan till June 30, 2023, provided that KE shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period.

### **2.5 Use of accounting estimates and judgements**

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



During the preparation of these consolidated condensed interim financial statements, there have been no changes in the significant judgements made by management in applying the KE's accounting policies and the key sources of estimation and uncertainty from those that were applied to the annual consolidated financial statements of KE for the year ended June 30, 2022.

## 2.6 Basis of consolidation

These consolidated condensed interim 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 condensed interim financial statements.

## 3. ACCOUNTING POLICIES

- 3.1 The accounting policies and method of computation adopted for the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the KE's annual consolidated financial statements for the year ended June 30, 2022.
- 3.2 KE follows the practice to conduct actuarial valuation annually at the year end. Hence, the impact of remeasurement of post-employment benefit plans has not been incorporated in these consolidated condensed interim financial statements.
- 3.3 Taxes on income, in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.
- 3.4 As stated in note 2.4 above, due to extension of the exemption applicable in respect of financial assets due from the GoP with respect to ECL method, the application of IAS 39 continues to be consistently applied to such financial assets during the exemption period.

|   | Note | (Un-Audited)<br>September 30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|---|------|---------------------------------------|-------------------------------|
|   |      | ----- (Rupees in '000) -----          |                               |
| <b>4. PROPERTY, PLANT AND EQUIPMENT</b> |      |                                       |                               |
| Operating fixed assets                  |      | 345,356,294                           | 337,427,857                   |
| Capital work-in-progress (CWIP)         | 4.2  | 148,852,560                           | 151,687,844                   |
| Right-of-use assets                     |      | 166,320                               | 167,983                       |
|   |      | <u>494,375,174</u>                    | <u>489,283,684</u>            |

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

|                                       | (Un-Audited)<br>Transfers from CWIP<br>(at cost) |                       | (Un-Audited)<br>Disposals<br>(at net book value) |                       |
|---------------------------------------|--|-----------------------|--|-----------------------|
|                                       | September 30,<br>2022                            | September 30,<br>2021 | September 30,<br>2022                            | September 30,<br>2021 |
|                                       | (Rupees in '000)                                 |                       |  |                       |
| Plant and machinery                   | 73,319   | 373,116               | 48,035   | 2,176                 |
| Transmission and distribution network | 13,794,354                                       | 327,836               | 134,170  | 123,444               |
| Others                                | 240,415  | 3,247                 | 24   | 3,121                 |
|                                       | <u>14,108,088</u>                                | <u>704,199</u>        | <u>182,229</u>                                   | <u>128,741</u>        |

- 4.1.1 The above disposal represents assets costing Rs. 751 million (September 30, 2021: Rs. 720 million) which were disposed off for Rs. 361 million (September 30, 2021: Rs. 1,003 million).

4.2 Details about CWIP are as follows:

|  | Plant and<br>machinery | Transmission<br>grid<br>equipment /<br>lines | Distribution<br>network /<br>renewals of<br>mains and<br>services | Others    | September<br>30, 2022<br>(Un-Audited) | June 30,<br>2022<br>(Audited) |
|--|------------------------|--|---|-----------|---------------------------------------|-------------------------------|
| (Rupees in '000)   |                        |  |   |           |                                       |                               |
| Opening balance at the beginning<br>of period / year                                   | 87,960,284             | 27,774,043                                   | 30,069,697  | 5,870,613 | 151,674,637                           | 125,881,045                   |
| Additions / inter-class transfers<br>during the period (note 4.2.1)                    | 6,296,024              | 2,129,986                                    | 2,888,779   | 267,756   | 11,582,545                            | 62,788,089                    |
|  | 94,256,308             | 29,904,029                                   | 32,958,476  | 6,138,369 | 163,257,182                           | 188,667,134                   |
| Transfers to operating fixed assets and<br>intangible assets / adjustment (note 4.2.2) | (73,330)               | -  | (14,331,292)  | -         | (14,404,622)                          | (36,992,497)                  |
| Closing balance at the end<br>of period / year   | 94,182,978             | 29,904,029                                   | 18,627,184  | 6,138,369 | 148,852,560                           | 151,674,637                   |

4.2.1 These include borrowing cost capitalised during the period amounting to Rs. 5,394 million (September 30, 2021: Rs. 1,283 million).

4.2.2 These include certain assets written off during the period amounting to Rs. 195 million (September 30, 2021: Rs. Nil).

|   |      | (Un-Audited)<br>September 30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|---|------|---------------------------------------|-------------------------------|
|   |      | (Rupees in '000)                      |                               |
| 5. INVENTORIES  | Note |                                       |                               |
| High speed diesel (HSD)   |      | 1,060,616                             | 796,320                       |
| Furnace oil   |      | 4,120,959                             | 3,233,726                     |
|   |      | 5,181,575                             | 4,030,046                     |
| Stores, spare parts and loose tools   |      | 15,324,746                            | 14,407,061                    |
|   |      | 20,506,321                            | 18,437,107                    |
| Provision against slow moving and obsolete<br>stores, spare parts and loose tools     | 5.1  | (1,425,952)                           | (1,331,831)                   |
|   |      | 19,080,369                            | 17,105,276                    |
| 5.1 Provision against slow moving and obsolete<br>stores, spare parts and loose tools |      |                                       |                               |
| Opening balance   |      | 1,331,831                             | 1,113,368                     |
| Provision recognised during the period - net  |      | 94,121                                | 218,463                       |
|   |      | 1,425,952                             | 1,331,831                     |
| 6. TRADE DEBTS  | Note | (Un-Audited)<br>September 30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|   |      | (Rupees in '000)                      |                               |
| Considered good   |      |                                       |                               |
| Secured – against deposits from consumers   |      | 6,647,905                             | 5,745,925                     |
| Unsecured   |      | 99,498,913                            | 131,217,183                   |
|   | 6.1  | 106,146,818                           | 136,963,108                   |
| Considered doubtful   |      | 106,714,215                           | 100,619,034                   |
|   |      | 212,861,033                           | 237,582,142                   |
| Provision for impairment against debts<br>considered doubtful                         | 6.2  | (106,714,215)                         | (100,619,034)                 |
|   |      | 106,146,818                           | 136,963,108                   |

- 6.1 These balances do not include any Late Payment Surcharge (LPS) on receivables from public sector consumers, as fully explained in note 11.1.1 to these consolidated condensed interim financial statements, 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 September 30, 2022, receivable from government and autonomous bodies amounting to Rs. 48,089 million (June 30, 2022: Rs. 48,309 million) includes unrecognised LPS of Rs. 8,598 million (June 30, 2022: Rs. 9,571 million); which includes receivable from Karachi Water and Sewerage Board (KW&SB) amounting to Rs. 33,867 million including unrecognised LPS of Rs. 5,241 million (June 30, 2022: Rs. 32,848 million including unrecognised LPS of Rs. 5,076 million) and receivable from City District Government Karachi (CDGK) amounting to Rs. 6,228 million including unrecognised LPS of Rs. 671 million (June 30, 2022: Rs. 8,449 million including unrecognised LPS of Rs.1,926 million).

Upto September 30, 2022, adjustment orders amounting to Rs. 12,434 million (June 30, 2022: 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.

- 6.2 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 its interim order dated November 27, 2020, suspended the order of HCS and allowed prospective implementation of corrigendum dated January 22, 2020. Further, vide order received in September 2022, the Court has listed the Appeals for rehearing. Accordingly, the Appeals will be reheard and decided on merits.

|  | Note | (Un-Audited)<br>September 30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|--|------|---------------------------------------|-------------------------------|
|  |      | ----- (Rupees in '000) -----          |                               |
| 6.3 Provision for impairment                         |      |                                       |                               |
| Opening balance                                      |      | 100,619,034                           | 97,745,537                    |
| Provision recognised during the period / year        |      | 7,895,935                             | 19,332,532                    |
|  |      | 108,514,969                           | 117,079,069                   |
| Write-off against provision during the period / year |      | (1,800,754)                           | (16,460,035)                  |
|  |      | 106,714,215                           | 100,619,034                   |

## 7. OTHER RECEIVABLES

Due from the Government of Pakistan (GoP) and Government of Balochistan (GoB) - net:

|  |             |             |
|--|-------------|-------------|
| - Tariff adjustment  | 414,349,367 | 355,338,042 |
| - Sales tax - net  | 19,409,291  | 19,062,320  |
| - Interest receivable from GoP on demand finance liabilities | 237,173     | 237,173     |
| - Others   | 6,082,542   | 5,864,080   |
| 7.1  | 440,078,373 | 380,501,615 |
| Others   | 272,681     | 211,164     |
|  | 440,351,054 | 380,712,779 |
| Provision for impairment                                     | (5,514,730) | (5,514,731) |
|  | 434,836,324 | 375,198,048 |

- 7.1 This includes Rs. 53,540 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, claim amounting to Rs. 14,489 million pertaining to year ended June 30, 2022 has been submitted which is also pending for determination by NEPRA.

- 7.2 There is no significant change in the status of the other matters detailed in notes 15.1 to the annual consolidated financial statements of KE for the year ended June 30, 2022.

| 8. | TRADE AND OTHER PAYABLES    |                                       |                               |
|----|-----------------------------|---------------------------------------|-------------------------------|
|    |                             | (Un-Audited)<br>September 30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|    |                             | ----- (Rupees in '000) -----          |                               |
|    | <b>Trade creditors</b>      |                                       |                               |
|    | Power purchases             | 345,551,017                           | 306,689,269                   |
|    | Fuel and gas                | 59,931,831                            | 49,490,805                    |
|    | Others                      | 19,667,987                            | 22,891,168                    |
|    |                             | <u>425,150,835</u>                    | <u>379,071,242</u>            |
|    | Accrued expenses            | 6,042,746                             | 5,658,538                     |
|    | <b>Contract liabilities</b> |                                       |                               |
|    | Energy                      | 1,338,305                             | 1,375,167                     |
|    | Others                      | 3,286,806                             | 3,796,116                     |
|    |                             | <u>4,625,111</u>                      | <u>5,171,283</u>              |
|    | Other liabilities           | 52,004,874                            | 49,422,738                    |
|    |                             | <u>487,823,566</u>                    | <u>439,323,801</u>            |

## 9. TAXATION - NET

There is no significant change in the status of the tax related contingencies as disclosed in note 43.1 to the annual consolidated financial statements of KE for the year ended June 30, 2022.

| 10. | SHORT-TERM BORROWINGS          | Note | (Un-Audited)<br>September 30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|-----|--------------------------------|------|---------------------------------------|-------------------------------|
|     |                                |      | ----- (Rupees in '000) -----          |                               |
|     | <b>Secured:</b>                |      |                                       |                               |
|     | <b>From banking companies:</b> |      |                                       |                               |
|     | Bills payable                  | 10.1 | 34,168,490                            | 34,813,888                    |
|     | Short-term running finances    | 10.1 | 48,154,235                            | 44,721,569                    |
|     |                                |      | <u>82,322,725</u>                     | <u>79,535,452</u>             |
|     | <b>From others:</b>            |      |                                       |                               |
|     | Privately placed sukuk         | 10.2 | 25,000,000                            | 28,000,000                    |
|     |                                |      | <u>107,322,725</u>                    | <u>107,535,452</u>            |

10.1 Details about these facilities have been stated in note 30 to the annual consolidated financial statements of KE for the year ended June 30, 2022.

10.2 These represent five distinct privately placed and unsecured Sukuk certificates of 6 months' tenor amounting to Rs. 25 billion (issue size) in aggregate maturing from October 13, 2022 to March 21, 2023. These carry profit at 6 month KIBOR + 0.95% to 1.40% per annum.

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

11.1.1 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 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 September 30, 2022, the MoF has released KE's tariff differential claims aggregating Rs. 472,850 million (June 30, 2022: Rs. 465,891 million) directly to NTDC / CPPA. Additionally, KE has also directly paid Rs. 67,167 million up to September 30, 2022 (June 30, 2022: Rs. 67,167 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 District 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 adjudication 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 September 30, 2022 amounts to Rs. 121,325 million (June 30, 2022: Rs. 113,720 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 September 30, 2022 aggregates to Rs. 133,624 million (June 30, 2022: Rs. 129,505 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 and HCA is pending adjudication to date. KE has also initiate contempt proceedings against MD SSGC for violation of order dated June 13, 2018 in Suit No. 4615 of 2018 which is pending before the Sindh High Court.

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 period, 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 April 23, 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 which aggregates to Rs. 1,927 million upto September 30, 2022 (June 30, 2022: Rs. 309 million) 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, 2022: Rs. 5,269 million) is being maintained by KE in these consolidated condensed interim financial statements on account of mark-up on delayed payment.

11.1.2 There has been no significant change in the status of contingencies as disclosed in notes 33.1.2 to 33.1.6 of the annual consolidated financial statement of KE for the year ended June 30, 2022.

## 11.2 Claims not acknowledged as debts

11.2.1 Claims not acknowledged as debts as disclosed in notes 32.2 to the annual consolidated financial statements of KE for the year ended June 30, 2022 remained unchanged.

|   | (Un-Audited)<br>September 30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|---|---------------------------------------|-------------------------------|
|   | ----- (Rupees in '000) -----          |                               |
| 11.3 Commitments  |                                       |                               |
| 11.3.1 Guarantees from banks  | 6,266,959                             | 6,134,039                     |
| 11.3.2 Transmission projects  | 26,277,388                            | 26,128,344                    |
| 11.3.3 BQPS III 900 MW combined cycle power plant & associated transmission project | 23,020,081                            | 21,068,317                    |
| 11.3.4 Outstanding letters of credit  | 9,314,949                             | 10,305,045                    |
| 11.3.5 Dividend on preference shares  | 1,119,453                             | 1,119,453                     |

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

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

|   | (Un-Audited)<br>September 30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|---|---------------------------------------|-------------------------------|
|   | ----- (Rupees in '000) -----          |                               |
| - Not later than one year                           | 465,418                               | 425,062                       |
| - Later than one year and not later than five years | 727,037                               | 638,515                       |

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

|                          | Note | (Un-Audited)<br>September 30,<br>2022 | September 30,<br>2021 |
|--------------------------|------|---------------------------------------|-----------------------|
|                          |      | ----- (Rupees in '000) -----          |                       |
| 12. SALE OF ENERGY - NET |      |                                       |                       |
| Gross revenue            | 12.1 | 123,988,642                           | 107,874,159           |
| Sales tax                |      | (26,562,024)                          | (15,901,869)          |
| Other taxes              |      | (8,812,903)                           | (5,018,739)           |
| Net revenue              | 12.2 | 88,613,715                            | 86,953,551            |

12.1 Gross revenue is net-off an amount of Rs. 1,705 million (September 30, 2021: Rs. 788 million) representing invoices raised during the period for energy consumed, however, these invoices are considered non-recoverable.

|                           | Note   | (Un-Audited)<br>September 30,<br>2022 | September 30,<br>2021 |
|---------------------------|--------|---------------------------------------|-----------------------|
|                           |        | ----- (Rupees in '000) -----          |                       |
| 12.2 Net Revenue          |        |                                       |                       |
| Residential               | 12.2.1 | 47,011,895                            | 36,298,204            |
| Commercial                | 12.2.1 | 18,323,888                            | 13,710,389            |
| Industrial                | 12.2.1 | 38,952,273                            | 28,491,064            |
| Fuel surcharge adjustment | 12.2.2 | (16,081,096)                          | 8,102,869             |
| Others                    |        | 356,853                               | 318,796               |
|                           |        | 88,563,813                            | 86,921,322            |

12.2.1 The above includes net cycle day impact amounting to Rs. 5,522 million (September 30, 2021: reduction in revenue by Rs. 869 million).

12.2.2 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.

|  | Note   | (Un-Audited)                 |                       |
|--|--|------------------------------|-----------------------|
|  |  | September 30,<br>2022        | September 30,<br>2021 |
|  |  | ----- (Rupees in '000) ----- |                       |
| <b>13. TARIFF ADJUSTMENT</b>   | <b>13.1 &amp; 13.2</b>   | <b>65,970,240</b>            | <b>27,219,168</b>     |
| <b>13.1</b>  | This represents tariff differential subsidy claim for variation in fuel prices, cost of power purchases, operation and maintenance cost, being adjustments required as per NEPRA's MYT decision and those resulting in adjustment of tariff due from Government.   |                              |                       |
| <b>13.2</b>  | Includes Rs. 1,903 million comprising dues of 24,123 consumers (September 30, 2021: Rs 571 million comprising dues of 2,366 consumers) recognized during the three months period ended September 30, 2022 against actual write-off of bad debts under the MYT decision dated July 5, 2018 for the period from July 1, 2016 to June 30, 2023. |                              |                       |
|  | Note   | (Un-Audited)                 |                       |
|  |  | September 30,<br>2022        | September 30,<br>2021 |
|  |  | ----- (Rupees in '000) ----- |                       |
| <b>14. PURCHASE OF ELECTRICITY</b>   |  |                              |                       |
| Central Power Purchasing Agency (Guarantee) Limited (CPPA) / NTDC            |  | 39,661,897                   | 29,080,502            |
| Independent Power Producers (IPPs) / other power purchase sources            |  | 21,182,103                   | 13,648,851            |
| Karachi Nuclear Power Plant (KANUPP)   |  | -                            | 852,135               |
|  |  | <u>60,844,000</u>            | <u>43,581,488</u>     |
| <b>15. CONSUMPTION OF FUEL AND OIL</b>                                       |  |                              |                       |
| Natural gas / RLNG   |  | 34,004,379                   | 30,957,833            |
| Furnace and other fuel / oil   |  | 43,384,915                   | 15,602,823            |
| High speed diesel (HSD)  |  | 1,140,457                    | 1,050,295             |
|  |  | <u>78,529,751</u>            | <u>47,610,951</u>     |
| <b>16. OTHER OPERATING EXPENSES</b>  |  |                              |                       |
| Exchange loss - net  |  | 4,035,413                    | 1,368,861             |
| Workers' profits participation fund  |  | -                            | 210,605               |
| Interest on consumer deposits  |  | -                            | 127,004               |
| Donations  |  | 16,112                       | 18,519                |
| Listing fee  |  | 3,971                        | 1,411                 |
| Others   |  | 234,276                      | 83,105                |
|  |  | <u>4,289,772</u>             | <u>1,809,505</u>      |
| <b>17. FINANCE COST</b>  |  |                              |                       |
| Mark-up / interest on:   |  |                              |                       |
| - Long term financing  |  | 2,270,050                    | 1,422,790             |
| - Short-term borrowings  |  | 2,549,994                    | 980,051               |
|  |  | <u>4,820,044</u>             | <u>2,402,841</u>      |
| Late payment surcharge on delayed payment to creditors                       |  | 112,997                      | 1,000                 |
| Bank charges, guarantee commission, commitment fee and other service charges |  | 148,222                      | 104,372               |
| Finance cost on lease liabilities  |  | 5,692                        | 4,102                 |
| Letters of credit discounting charges  |  | 1,328,302                    | 475,744               |
|  |  | <u>6,415,257</u>             | <u>2,988,059</u>      |
| <b>18. CASH AND CASH EQUIVALENTS</b>   |  |                              |                       |
| Cash and bank balances   |  | 5,203,718                    | 2,816,810             |
| Short-term running finances  | <b>10</b>  | (48,154,235)                 | (37,182,404)          |
|  |  | <u>(42,950,517)</u>          | <u>(34,365,594)</u>   |

## 19. TRANSACTIONS WITH RELATED PARTIES

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

### 19.1 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 government related / state-owned entities except for transactions included below, which KE considers to be significant:

|   |  | (Un-Audited)       |                    |
|---|--|--------------------|--------------------|
|   |  | September 30, 2022 | September 30, 2021 |
|   |  | (Rupees in '000)   |                    |
| CPPA / NTDC                               | Power purchases                                  | 39,661,897         | 29,080,502         |
| Pakistan State Oil Company Limited        | Purchase of furnace oil / HSD & other lubricants | 16,809,243         | 15,969,245         |
| Sui Southern Gas Company Limited          | Purchase of gas                                  | 27,037,665         | 30,957,833         |
| Pakistan LNG Limited                      | Purchase of gas                                  | 6,966,714          | -                  |
| 19.2 Hascol Petroleum Limited (note 19.6) | Purchase of furnace oil                          | -                  | 1,942,418          |
| 19.3 Key management personnel             | Managerial remuneration                          | 185,331            | 154,475            |
|   | Other allowances and benefits                    | 40,922             | 37,382             |
|   | Retirement benefits                              | 48,184             | 22,353             |
|   | Leave encashment                                 | 1,706              | 555                |
| 19.4 Provident fund                       | Contribution to provident fund                   | 314,910            | 287,196            |
| 19.5 Gratuity fund                        | Contribution to gratuity fund                    | 377,280            | 70,169             |

19.6 During the period, Hascol Petroleum Limited was not the related party of the Group.

## 20. 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 segments 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.

| September 30, 2022   |                     |              |              |              |              |
|--|---------------------|--------------|--------------|--------------|--------------|
|  | Generation          | Transmission | Distribution | Un-allocated | Eliminations |
|  | (Rupees in million) |              |              |              |              |
| Segment revenue  | -                   | -            | 154,534      | 50           | -            |
| Inter-segment revenue  | 88,898              | 6,948        | -            | -            | (95,846)     |
| Total revenue  | 88,898              | 6,948        | 154,534      | 50           | (95,846)     |
| Purchase of electricity / Consumption of fuel and oil / Others | (78,530)            | -            | (156,690)    | (39)         | 95,846       |
| Contribution Margin  | 10,368              | 6,948        | (2,156)      | 11           | -            |
| O&M expenses   | (1,386)             | (1,258)      | (6,252)      | (37)         | 1            |
| Other operating expenses                                       | (3,378)             | (679)        | (233)        | -            | -            |
| Other income   | 66                  | 160          | 3,010        | 1            | (1)          |
| Impairment loss against trade debts                            | -                   | -            | (7,896)      | -            | -            |
| EBITDA / LBITDA  | 5,670               | 5,171        | (13,527)     | (25)         | -            |
| Depreciation and amortisation                                  | (3,463)             | (1,006)      | (1,638)      | (1)          | -            |
| EBIT / LBIT  | 2,207               | 4,165        | (15,165)     | (26)         | -            |
| Finance cost   | (2,029)             | (1,703)      | (2,683)      | -            | -            |
| Profit / (loss) before taxation                                | 178                 | 2,462        | (17,848)     | (26)         | -            |
| Taxation - Current   | (650)               | (51)         | (429)        | (1)          | -            |
| Taxation - Deferred  | -                   | -            | -            | 12           | -            |
| Profit / (loss) for the period                                 | (472)               | 2,411        | (18,277)     | (15)         | -            |



|  | September 30, 2021  |              |              |              |              |
|--|---------------------|--------------|--------------|--------------|--------------|
|  | Generation          | Transmission | Distribution | Un-allocated | Eliminations |
|  | (Rupees in million) |              |              |              |              |
|  |                     |              |              |              | Total        |
| Segment revenue  | -                   | -            | 114,139      | 33           | 114,172      |
| Inter-segment revenue  | 57,746              | 7,354        | -            | -            | (65,100)     |
| Total revenue  | 57,746              | 7,354        | 114,139      | 33           | 114,172      |
| Purchase of electricity / Consumption of fuel and oil / Others | (47,610)            | -            | (108,682)    | (29)         | 65,100       |
| Contribution Margin  | 10,136              | 7,354        | 5,457        | 4            | 22,951       |
| O&M expenses   | (1,638)             | (1,288)      | (5,404)      | (21)         | (8,349)      |
| Other operating expenses                                       | (1,298)             | (332)        | (179)        | -            | (1,809)      |
| Other income   | 35                  | 269          | 2,581        | 1            | 2,884        |
| Impairment loss against trade debts                            | -                   | -            | (3,855)      | -            | (3,855)      |
| EBITDA / LBITDA  | 7,235               | 6,003        | (1,400)      | (16)         | 11,822       |
| Depreciation and amortisation                                  | (2,748)             | (914)        | (1,187)      | (1)          | (4,850)      |
| EBIT / LBIT  | 4,487               | 5,089        | (2,587)      | (17)         | 6,972        |
| Finance cost   | (1,114)             | (699)        | (1,175)      | -            | (2,988)      |
| Profit / (loss) before taxation                                | 3,373               | 4,390        | (3,762)      | (17)         | 3,984        |
| Taxation - Current   | (478)               | (621)        | -            | -            | (1,099)      |
| Taxation - Deferred  | -                   | -            | -            | -            | -            |
| Profit / (loss) for the period                                 | 2,895               | 3,769        | (3,762)      | (17)         | 2,885        |

|                    | (Un-Audited)<br>September 30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|--------------------|---------------------------------------|-------------------------------|
|                    | (Rupees in Million)                   |                               |
| <b>Assets</b>      |                                       |                               |
| Generation         | 256,378                               | 257,243                       |
| Transmission       | 156,779                               | 142,794                       |
| Distribution       | 662,061                               | 618,783                       |
| Un-allocated       | 33,314                                | 41,308                        |
|                    | <b>1,108,532</b>                      | <b>1,060,128</b>              |
| <b>Liabilities</b> |                                       |                               |
| Generation         | 227,776                               | 201,613                       |
| Transmission       | 72,914                                | 66,930                        |
| Distribution       | 528,722                               | 491,913                       |
| Un-allocated       | 45,374                                | 49,500                        |
|                    | <b>874,786</b>                        | <b>809,956</b>                |

## 21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 21.1 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.

There have been no changes in the financial risk management policies of KE during the period, consequently these consolidated condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual consolidated financial statements.

|  | (Un-Audited)<br>September 30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|--|---------------------------------------|-------------------------------|
|  | (Rupees in '000)                      |                               |

### 21.2 Financial risk factors

#### Financial assets measured at fair value through

|                             |            |           |
|-----------------------------|------------|-----------|
| Derivative financial assets | 13,212,669 | 8,033,631 |
|-----------------------------|------------|-----------|

21.2.1 Derivative financial assets and liabilities 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.

21.2.2 There were no transfers amongst the levels during the period. Further, there were no changes in the valuation techniques during the period.

21.2.3 The different levels of fair value measurement methods have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

### 21.3 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in these consolidated condensed interim financial statements approximate their fair values.

**22. CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison.

**23. DATE OF AUTHORIZATION FOR ISSUE**

These consolidated condensed interim financial statements were authorized for issue on October 28, 2022 by the Board of Directors of KE.

**24. GENERAL**

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



**Chief Executive Officer**



**Director**



**Chief Financial Officer**



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