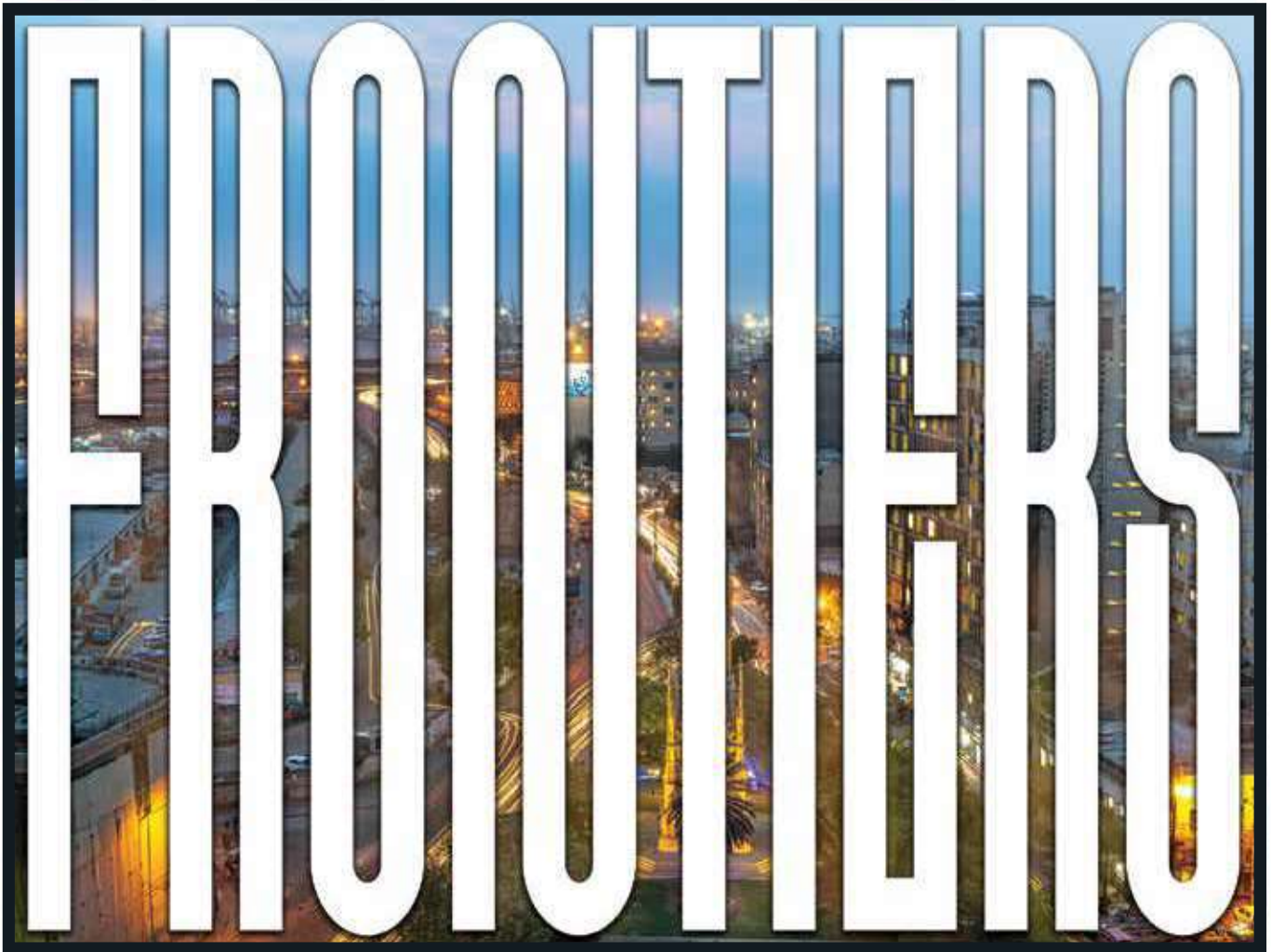




NEW



REPORT FOR THE
HALF-YEAR ENDED
31ST DECEMBER 2022

COMPANY INFORMATION

As at February 27, 2023

Board of Directors (BOD)

Mark Gerard Skelton	Chairman
Syed Moonis Abdullah Alvi, Adeeb Ahmad	Chief Executive Officer
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

Kamran Akhtar Hashmi

Legal Adviser

Messrs Abid S. Zuberi & Co.

External Auditors

Messrs A.F. Ferguson & Co.

Share Registrar

CDC Share Registrar Services Limited (CDCSRSL)
CDC House, 99-B, Block "B", SMCHS,
Main Shahrah-e-Faisal, Karachi. Office: 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

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UAN: 111-537-211



www.ke.com.pk



KE Live



KE WhatsApp



K-Electric



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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 half year ended December 31, 2022.

Key operational and financial results are summarized below:

	JUL - DEC 2022	JUL-DEC 2021
	(Units in GWh)	
OPERATIONAL		
Units generated (net of auxiliary)	3,576	4,047
Units purchased	5,895	5,995
Total units available for distribution (sent out)	9,471	10,042
Units billed	8,276	8,732
Transmission & Distribution Losses %	12.6%	13.0%
	(Rupees in millions)	
FINANCIAL		
Revenue	265,635	217,354
Gross profit	18,633	33,182
(Loss) / profit before finance cost	(12,182)	11,519
(Loss) / profit before taxation	(24,889)	5,199
Taxation – net	(2,144)	(1,885)
Net (loss) / profit for the period	(27,033)	3,314
(Loss) / Earnings per share - Basic / Diluted (Rupees)	(0.98)	0.12
EBITDA	131	21,258

Financial Review

Challenging socio-political and macro-economic factors including surging inflation, increasing policy rates and reduction in economic activity have cascading impact on the company's performance during the period. Impacted by these challenges, the Company has observed a reduction in units sent-out by 5.7% and the gross profitability of the Company declined significantly by PKR 14.5 billion. The Company operates under regulated tariff and as per current Multi-Year Tariff effective from July 1, 2016, no adjustment is provided to the Company in tariff for changes in sent-out and policy rates.

During the period, high inflation, increase in consumer tariff and deteriorating economic conditions has significantly impacted consumers' propensity to pay. This is reflected in increased impairment loss by PKR 8.8 billion against doubtful debts during the period. Further, increase in effective rate of borrowing from 9.4% to 17% has led to a drastic increase in finance cost charge during the period by PKR 6.4 billion. All these factors combined have translated into the loss after tax amounting to PKR 27.0 billion.

KE remains committed to tackle 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 1, 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:

KE's largest and the most efficient combined cycle power plant (BQPS 3) has successfully dispatched 900 MW to grid on December 30, 2022. Major milestones planned for the upcoming period include Guaranteed Performance Test(s) of units to be witnessed by the Regulator. Expected commercial operation of both units is in 3rd quarter of the fiscal year.

Moreover, at BQPS-I, annual maintenance of Unit 1 and Unit 2 were carried out which included major activities such as boiler tubes replacement and main cooling water pump overhauling. Furthermore, repair of Unit 5 forced draft fan was performed for unit's full load availability, keeping in view the projected demand during the upcoming summer season.

Transmission:

In line with its vision of providing reliable 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.

By the end of half year of FY 2023, KE enhanced its transmission capacity by 100MVAs with addition of new power transformers at Agha Khan and New Landhi grids alongside enhancement in existing grids taking the total transformation capacity to 6,903 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.

Furthermore, KKI Grid (KE's First 500 kV flagship Interconnecting and Load Grid) construction is in full swing with overall progress of 20%. Similarly construction work of new 220 kV Dhabeji Interconnection is also fast approaching the pre-commissioning milestone in next two months. Moreover, commercial evaluation of contract for NTDC scope of interconnection works are in progress for both 500kV KKI and 220kV Dhabeji interconnections.

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. One load grid (New Landhi) has been energized which has started contributing catering new industrial load growth. Also, the new interconnection at KTPS will evacuate power of KCCP on 132kV system rather than on 220kV viz-a-viz co-relating embedded generation and improving the network efficiency.

With the objective of making targeted investments to further enhance system reliability and stability, a detailed and robust Transmission System Expansion Plan for FY 2024 to FY 2030 has been prepared which has also been validated by an independent 3rd party consultant. The expansion plan is submitted for NEPRA's review and approval.

Distribution:

KE aims to sustain the objective of enhancing the distribution's network health and reduction in losses and reported T&D losses of 12.6% during the first half of the Fiscal Year 2023; an improvement of 0.4% points against last year same period. Following the success of KE distribution's flagship Project Sarbulandi, Distribution has been working towards bearing the benefits of investments made in the past through Governance strategy in the current fiscal year. Further, as part of loss reduction and recovery improvement initiatives, KE has installed approximately 15,000 low-cost meters in the low propensity areas and 35,000 additional meters during the first half of the fiscal year.

During the period under review, the Company faced multiple challenges in recovery primarily on account of significant increase in consumer end tariff and fuel cost adjustments which affected consumers' propensity to pay, resulting in decline in recovery ratio to 91.8% as against 94.9% reported during corresponding period last year. However, the Company remains steadfast in its initiatives to improve recoveries by introducing easy instalment payment solution for its consumers under the scheme named as "Humqadam – Recovery Plan" and is also focusing on massive disconnections, curbing illegal extraction of electricity, prevention from theft and constant follow ups on recovery and installation of meters where required. Till date, more than 200,000 consumers have been tapped and over 40,000 Kgs of illegal connections have been removed.

Digital Payments and Partnerships

KE has continued its unique journey to empower its customers through the provision of convenient methods for payments and recovery. During the period, KE expanded its payment network by partnering with Fintech's and Banking Institutions to enhance consumer payment experience.

KE, in collaboration with Bank Alfalah and HBL, have digitally empowered fifteen KE's Recovery Officers to collect bill payments at consumers' doorstep. To date, 15 agents have been authorized to collect bill payments with further

expansion in the pipeline. This initiative has yielded recovery of more than PKR 100 million while processing payments for over 16,000 Customers.

KE launched Bill Financing and BNPL (Buy Now Pay Later) Campaigns in collaboration with different financial institutions. KE has also partnered with Faysal Bank to offer monthly installment plans, whereas, JS Bank, UBL and Savyour have offered discounts on bill payments using their respective platforms which helps promote the digital payment channels available to KE customers.

Safety and Security

As a part of its commitment to continue strengthening the reliability and safety of its network, KE management continued to conduct safety audits at various locations to evaluate the environment, working conditions and to assess whether the staff ensures compliance with all safety measures put in place by the Company.

Further, KE in collaboration with NEPRA conducted two Webinars on “Isolation and Permit to Work (PTW)” and “Transmission and distribution protection and safety” to promote safety culture within all DISCOs and enlighten the best practices prevalent at KE. An Electrical Safety session was conducted for industrial customers where the participants were educated about workplace safety protocols to ensure zero safety hazards.

At the NEPRA Safety Award ceremony, KE was recognized for maintaining the highest safety performance and preventing accidents in its respective jurisdiction under NEPRA PSC performance criteria for 2022.

Technical initiatives

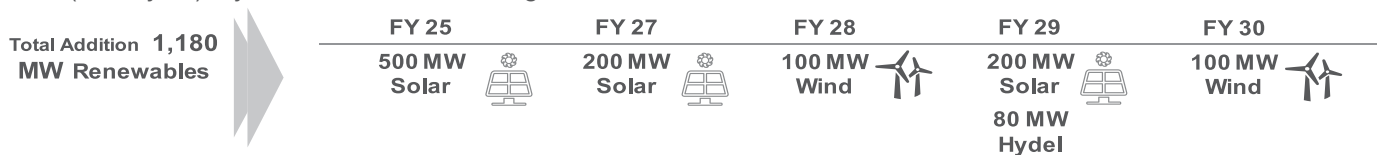
In the first half of FY23, KE launched a technical “Reliability & Sustainability Project”. This project also aims to prepare the Network and teams with respect to necessary skillset to be able to cope up with ever changing technical developments.

KE implemented Lean Process Manufacturing to enhance Transformer and Switchgear workshop’s production and process efficiencies and to optimize inventory levels. KE continued proactive maintenance of transformers and in the half year, 202 transformers have been maintained on site of different capacities.

KE introduced a “Data Driven Meter Installation Quality” KPI this year to monitor grid parameters i.e., currents, voltages, and power factors to highlight potential field installation issues using smart metering data. The in-house Data Quality Dashboard has been developed for better visibility and to maximize field installation quality. Further, PQ surveys were conducted at point of common connection along with a consultant to further enhance the power quality by introducing “Clean Bus” concept to re-arrange low fault occurring feeders on a particular grid bus to ensure least power disturbance is faced by customers.

Business Development:

Keeping in view the growing power demand in KE’s service area, a robust and aggressive investment plan has been prepared with a focus on the utilization of indigenous resources along with renewables (including hydro), 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), by FY 2030 in the following manner:



To increase the share of renewables, KE is working on 350 MW solar project(s) via competitive bidding with the Sindh Energy Department (SED), Government of Sindh (GoS) in collaboration with the World Bank (WB), under the Sind Solar Energy Project (SSEP). Under this framework, SED will undertake competitive bidding, and KE will be the power off-taker where it would enter into a long-term EPA with the SPV formed by the Successful Bidder. The land for the Project(s) has been approved by the Cabinet (GoS). Moreover, the consultants are finalizing the feasibility studies. Furthermore, SED has initiated the prequalification process for potential bidders. The anticipated commissioning of the project is FY 2025.

With regards to 150 MW Vinder and Bela solar projects in Baluchistan, NEPRA issued its decision on the RFP on October 14, 2022. Subsequently, KE filed a review application on the RFP decision, which is currently under review with NEPRA. Land for the project has been approved and allocated by the Cabinet (GoB) and the mode of allocation is under active deliberations between KE and GoB.

KE has also initiated the development of a 220 MWp Site Neutral Hybrid Renewable Project. The RFP for the Project has been submitted to NEPRA and simultaneously, the prequalification process of potential bidders has also been initiated.

KE is committed to reducing its cost of generation by induction of indigenous resources which also includes off-take of power through base load plants. Currently, efforts are being made to induct power based on local coal and hydel via wheeling.

With regards to induction of hydel power, KE is actively pursuing the 82 MW Turtonas Uzghor Hydel project (Uzghor), to which KE issued the LOI in September 2022, for power off-take. Additionally, in order to further increase its hydel portfolio, a Joint Working Group has been formulated with PEDO. KE and PEDO are actively working on the procurement framework, including shortlisting and finalization of target projects.

Furthermore, KE has also entered into a strategic level MOU with China Three Gorges South Asia Limited (CTGSAIL) on 30 December 2022, for the joint development of hydel and renewables projects. Under the framework, several opportunities are being evaluated for further development by both entities.

On local coal, KE is engaged with both the Government and private sponsors with regards to potential development of around 990 MW of Projects. Amongst other prospects on this front, KE entered into an MOU with Siddiqsons Energy Limited (SEL) on December 20, 2021 for potential power off-take from its 330 MW local coal fired power project being developed in Thar. SEL is currently in the process of pursuing the Project related approvals from the Government and other agencies to change power purchaser to KE.

Supply Chain

Several initiatives were taken to optimize cost through restructuring, rightsizing and consolidation of operational resources. Other Strategic global best practices are also being implemented including Supply Chain Excellence, S&OP, Quality Assurance & Strategic Sourcing resulting in improved performance of KPIs. Dedicated programs have been launched to evaluate possibility of localization of sources.

Corporate Social Responsibility:

First half of FY 2023 covered activities in safety, flood relief, social welfare, inauguration of various community-based initiatives and partnering with organizations on sustainability and inclusivity. In recognition of KE's efforts on the CSR front, KE won Silver Award at the 2nd NEPRA CSR Awards.

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 and management raised PKR 5.7 million benefiting 1,600 families while also donating panaflexes to make tents. KE collaborated with Educast to establish a Tele Health clinic which will facilitate 36,000 flood-affectedees via tele consultation call centers.

The second cohort of KE's Roshni Bajis graduated. Roshni Baji is a flagship project under which 60 Roshni Bajis have educated 350,000 households on electrical safety, energy conservation and the importance of having a legal connection. Roshni Bajis are a source of inspiration and strength in the communities they work in.

Safety messages on monsoon and heatwave were disseminated via mosques, temples and churches to over 40,000 people whereas frontline workers were trained on monsoon safety and CPR in collaboration with Pakistan Red Crescent Society Sindh.

Seven health camps in collaboration with LRBT were organized by KE facilitating 2,500 patients. KE inaugurated 4 water filtration plants in Baldia (Moachko Goth), Lyari, Bin Qasim and Brohi Mohalla in partnership with Saylani Welfare Trust, benefiting over 40,000 people annually.

KE's Akhuwats' revolving solar microfinance fund formed under NEPRA CSR vision of "Power with Prosperity," has been utilized for 48 beneficiaries till date.

KE reduced its bill size to half creating a significant environmental impact with a potential of saving over 4,000 trees and 200 million litres water every year. 100,000 KE customers have now subscribed for e-billing.

Other Significant Matters

Growing Receivables from Government Entities and Departments

As of December 31, 2022, KE's net receivables from various Federal and Provincial entities, stood at around PKR 79.6 billion on principal due basis. 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.

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. Execution of these agreements has been deliberated at length at the level of Taskforce constituted by the Honorable PM, and KE remains engaged with all stakeholders for earliest execution of the agreements.

Multi-Year Tariff (MYT)

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 2022 (in relation to actual write-off of bad debts, allowed under KE's MYT) claimed as per the mechanism provided in KE's MYT.

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 is endeavoring for separate tariff determination for each business segment for the period post June 2023.

In this regard, KE's Generation petition for the remaining life of Generation plants and investment plan and performance KPIs for Transmission and Distribution segment for the next control period have been admitted by NEPRA for determination. KE remains engaged with NEPRA for timely and sustainable determination.

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, during the period under review has filed 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 December 31, 2022	10
i. Female	-
ii. Male	10
ii. Casual Vacancy	03

Composition of the board as at December 31, 2022:

i. Independent Director	01
ii. Non-Executive Directors	09 (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 1216th Meeting held on June 25, 2020 which is in line with the applicable corporate regulatory framework. Salient features of the approved Remuneration Policy of Non-Executive Directors are as under:

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

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 resigned from the position of Non-Executive Directors in October 2022 resulting in casual vacancies on the Board.

However, K-Electric cannot change its current Board composition due to the following factors:

a. Suit 1731/2022 (Al Jomaih Power Limited & another vs IGC SPV 21 Limited & others) together with ad-interim order from the Sindh High Court dated October 21, 2022 passed therein, through which the Company has been directed “no change will be affected in the present board of directors of the K-Electric”

b. Directions from the Securities and Exchange Commission of Pakistan dated November 08, 2022 which states that the “composition of the current Board of Directors of the Target Company (i.e. K-Electric) shall not be changed, whatsoever, till further orders of the Commission”.

Hence, the casual vacancies on the Board will be filled subject to the receipt of relevant approvals.

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, February 27, 2023



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of K-Electric Limited

Report on review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of K-Electric Limited (the Company) as at December 31, 2022 and the related 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 cash flows, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review.

The figures of the unconsolidated condensed interim statement of profit or loss and the unconsolidated condensed interim statement of comprehensive income and notes thereto for the quarters ended December 31, 2022 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2022.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the unconsolidated condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matters

We draw attention to:

- note 8.1 to the accompanying unconsolidated condensed interim financial statements, which explains the matter in respect of claims for write-off of trade debts pending with National Electric Power Regulatory Authority (NEPRA);



- note 13.1.1 to the accompanying unconsolidated condensed interim financial statements, which describes that the mark-up / financial charges on outstanding liabilities due to government-controlled entities will be payable by the Company only when it will receive mark-up on outstanding receivable balances on account of tariff differential claims and energy dues of the Company's public sector consumers; and
- note 13.1.2 to the accompanying unconsolidated condensed interim financial statements, which states that the Supreme Court of Pakistan vide its decision dated August 13, 2020 has declared the Gas Infrastructure Development Cess (GIDC) Act, 2015 to be valid. In this respect the Company's suit is pending before the High Court of Sindh on the grounds, amongst others, that the Company falls within the category of gas consumers who have not accrued the GIDC in their books and have neither recovered nor passed it on to their consumers.

Our conclusion is not modified in respect of these matters.

The engagement partner on the review resulting in this independent auditor's report is Osama Kapadia.

A. F. Ferguson & Co.
Chartered Accountants
Place: Karachi

Date: February 28, 2023

UDIN: RR202210080h8RKA7cei



**UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

K-ELECTRIC LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

		Un-Audited December 31, 2022	Audited June 30, 2022
	Note	------(Rupees in '000)-----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	503,921,574	489,248,209
Intangible assets		924,283	518,889
Investment in subsidiary - at cost		275,000	275,000
Investment property		2,895,463	2,925,942
Other financial assets - at amortised cost	5	17,211,428	16,323,268
Long-term loans and deposits		21,125	23,643
		<u>525,278,873</u>	<u>509,314,951</u>
Current assets			
Inventories	6	16,841,021	17,060,592
Trade debts	7	76,321,070	136,843,034
Loans and advances		2,510,550	1,663,519
Deposits and short-term prepayments		10,426,744	8,054,432
Other receivables	8	453,499,909	375,223,756
Current maturity of other financial assets - at amortised cost	5	1,603,567	1,088,032
Derivative financial assets		12,937,708	8,033,631
Cash and bank balances		4,052,081	2,846,132
		<u>578,192,650</u>	<u>550,813,128</u>
TOTAL ASSETS		<u><u>1,103,471,523</u></u>	<u><u>1,060,128,079</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital		96,261,551	96,261,551
Reserves			
Capital reserves			
Share premium and other reserves		2,009,172	2,009,172
Revaluation surplus on property, plant and equipment		68,030,683	69,713,206
		<u>68,948,855</u>	<u>71,722,468</u>
Revenue reserves			
General reserves		5,372,356	5,372,356
Unappropriated profit		52,556,586	76,815,343
		<u>57,928,942</u>	<u>82,187,699</u>
		<u>126,877,797</u>	<u>153,910,167</u>
TOTAL EQUITY		<u>223,139,348</u>	<u>250,171,718</u>
LIABILITIES			
Non-current liabilities			
Long-term financing	9	154,039,050	151,738,189
Lease liabilities		126,564	148,894
Long-term deposits		14,520,636	13,976,931
Employee retirement benefits		5,405,946	5,492,679
Deferred revenue		35,967,312	30,580,528
		<u>210,058,508</u>	<u>201,937,221</u>
Current liabilities			
Current maturity of long-term financing	9	29,210,715	23,638,341
Current maturity of lease liabilities		14,394	26,765
Trade and other payables	10	480,428,727	439,260,780
Unclaimed dividend		645	645
Accrued mark-up		12,145,165	10,629,604
Taxation - net	11	1,355,142	897,049
Short-term borrowings	12	121,739,040	107,535,452
Short-term deposits		25,361,347	26,012,012
Provisions		18,492	18,492
		<u>670,273,667</u>	<u>608,019,140</u>
		<u>880,332,175</u>	<u>809,956,361</u>
TOTAL LIABILITIES		<u><u>880,332,175</u></u>	<u><u>809,956,361</u></u>
Contingencies and commitments	13		
TOTAL EQUITY AND LIABILITIES		<u><u>1,103,471,523</u></u>	<u><u>1,060,128,079</u></u>

The annexed notes 1 to 26 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 HALF YEAR ENDED DECEMBER 31, 2022

	Note	Half Year Ended		Quarter Ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees in '000) -----					
REVENUE					
Sale of energy - net	14	163,015,387	149,568,305	74,451,574	62,646,983
Tariff adjustment	15	102,619,756	67,785,818	36,649,516	40,567,650
		<u>265,635,143</u>	<u>217,354,123</u>	<u>111,101,090</u>	<u>103,214,633</u>
COST OF SALES					
Purchase of electricity	16	(111,586,957)	(90,246,322)	(50,742,957)	(46,664,834)
Consumption of fuel and oil	17	(121,225,257)	(81,350,435)	(42,695,506)	(33,739,484)
Expenses incurred in generation, transmission and distribution		(14,190,383)	(12,575,268)	(7,071,758)	(6,268,326)
		<u>(247,002,597)</u>	<u>(184,172,025)</u>	<u>(100,510,221)</u>	<u>(86,672,644)</u>
GROSS PROFIT		<u>18,632,546</u>	<u>33,182,098</u>	<u>10,590,869</u>	<u>16,541,989</u>
Consumers services and administrative expenses		(16,070,428)	(13,430,967)	(8,186,306)	(6,558,482)
Impairment loss against trade debts and other receivables		(18,094,898)	(9,277,805)	(10,198,963)	(5,422,346)
Other operating expenses	18	(2,622,038)	(3,133,172)	1,667,734	(1,323,667)
Other income		5,972,517	4,178,839	2,736,492	1,292,319
		<u>(30,814,847)</u>	<u>(21,663,105)</u>	<u>(13,981,043)</u>	<u>(12,012,176)</u>
(LOSS) / PROFIT BEFORE FINANCE COST		<u>(12,182,301)</u>	<u>11,518,993</u>	<u>(3,390,174)</u>	<u>4,529,813</u>
Finance cost	19	(12,706,525)	(6,319,649)	(6,291,827)	(3,331,967)
(LOSS) / PROFIT BEFORE TAXATION		<u>(24,888,826)</u>	<u>5,199,344</u>	<u>(9,682,001)</u>	<u>1,197,846</u>
Taxation		(2,143,544)	(1,885,619)	(1,014,471)	(786,232)
(LOSS) / PROFIT FOR THE PERIOD		<u>(27,032,370)</u>	<u>3,313,725</u>	<u>(10,696,472)</u>	<u>411,614</u>
EARNING BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION					
		<u>130,505</u>	<u>21,257,801</u>	<u>2,816,146</u>	<u>9,419,932</u>
----- (Rupees) -----					
(LOSS) / EARNING PER SHARE - BASIC AND DILUTED		<u>(0.98)</u>	<u>0.12</u>	<u>(0.39)</u>	<u>0.01</u>

The annexed notes 1 to 26 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 CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	Issued, subscribed and paid-up capital		Capital				Reserves			Revenue		Total
	Ordinary shares	Transaction costs	Total share capital	Share premium	Others	Revaluation surplus on Property, plant and equipment - net of tax	Total	General reserves	Unappropriated profit	Total		
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	64,375,766	69,748,124	223,951,516	
Total comprehensive income for the half year ended December 31, 2021	-	-	-	-	-	-	-	-	3,313,725	3,313,725	3,313,725	
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	
Other comprehensive income	-	-	-	-	-	-	-	-	3,313,725	3,313,725	3,313,725	
Incremental depreciation charged relating to revaluation surplus on property, plant and equipment - net of deferred tax	-	-	-	-	-	(2,057,264)	(2,057,264)	-	2,057,264	2,057,264	-	
Balance as at December 31, 2021	96,653,179	(391,628)	96,261,551	1,500,000	509,172	53,875,405	55,884,577	5,372,356	69,746,757	75,119,113	227,265,241	
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	76,815,343	82,187,699	250,171,718	
Total comprehensive income for the half year ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	-	
Loss for the period	-	-	-	-	-	-	-	-	(27,032,370)	(27,032,370)	(27,032,370)	
Other comprehensive income	-	-	-	-	-	-	-	-	(27,032,370)	(27,032,370)	(27,032,370)	
Incremental depreciation charged relating to revaluation surplus on property, plant and equipment - net of deferred tax	-	-	-	-	-	(2,773,613)	(2,773,613)	-	2,773,613	2,773,613	-	
Balance as at December 31, 2022	96,653,179	(391,628)	96,261,551	1,500,000	509,172	66,939,683	68,948,855	5,372,356	52,556,566	57,928,942	223,139,348	

The annexed notes 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.

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Chief Executive Officer


Chief Financial Officer

K-ELECTRIC LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Half Year Ended		Quarter Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----			
(LOSS) / PROFIT FOR THE PERIOD	(27,032,370)	3,313,725	(10,696,472)	411,614
OTHER COMPREHENSIVE INCOME:				
Items that may be reclassified to profit or loss				
Changes in fair value of cash flow hedges	6,233,026	2,070,697	488,888	202,491
Adjustment for amounts transferred to profit or loss	(6,233,026)	(2,070,697)	(488,888)	(202,491)
	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(27,032,370)	3,313,725	(10,696,472)	411,614

The annexed notes 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.

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Chief Executive Officer


Director


Chief Financial Officer

K-ELECTRIC LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Note	Half Year Ended	
		December 31, 2022	December 31, 2021
------(Rupees in '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(24,888,826)	5,199,344
Adjustments for non-cash and other items:			
Depreciation and amortisation		12,312,806	9,738,808
Provision for employee retirement benefits		610,058	502,487
(Reversal) / provision for slow moving and obsolete inventories - net		(182,086)	99,939
Impairment loss against trade debts and other receivables		18,094,898	9,277,805
Provision against fatal accident cases		-	(1,700)
Gain on sale of property, plant and equipment		(482,353)	(991,698)
Unrealised gain on derivative financial assets		(6,233,026)	(2,070,697)
Unrealised exchange loss - net		7,541,663	3,369,009
Finance cost		12,706,525	6,319,649
Amortisation of deferred revenue		(1,380,886)	(1,174,259)
Assets written off		194,961	-
Return on bank deposits		(582,792)	(173,346)
Operating profit before working capital changes		17,710,942	30,095,341
Working capital changes:			
(Increase) / decrease in current assets			
Inventories		401,657	(4,762,487)
Trade debts		42,937,066	7,895,450
Loans and advances		(847,031)	1,161,767
Deposits and short-term prepayments		(2,372,312)	(1,532,512)
Other receivables		(78,786,153)	(62,797,211)
		(38,666,773)	(60,034,993)
Increase / (decrease) in current liabilities			
Trade and other payables		40,148,405	33,246,560
Short-term deposits		(650,665)	4,683,506
		39,497,740	37,930,066
Cash generated from operations		18,541,909	7,990,414
Employee retirement benefits paid		(696,791)	(180,581)
Income tax paid		(1,685,451)	(2,898,816)
Receipts in deferred revenue		6,767,670	825,216
Finance cost paid		(22,474,242)	(8,746,102)
Interest received on bank deposits		582,792	173,346
Long-term loans		2,518	823
		(17,503,504)	(10,826,114)
Net cash generated from / (used in) operating activities		1,038,405	(2,835,700)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(15,293,851)	(23,221,644)
Proceeds from disposal of property, plant and equipment		774,211	1,907,679
Redemption of investments		392,780	-
Investment made in subsidiary		-	(92,900)
Net cash used in investing activities		(14,126,860)	(21,406,865)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (Repayment of) long-term financing - net		(426,089)	31,024,208
Lease payments		(26,801)	(21,448)
Proceeds from / (Repayment of) short-term borrowings - net		8,358,416	(5,333,688)
Security deposit from consumers received		543,705	636,776
Net cash generated from financing activities		8,449,231	26,305,848
Net (decrease) / increase in cash and cash equivalents		(4,639,224)	2,063,283
Cash and cash equivalents at beginning of the period		(41,875,437)	(35,979,547)
Cash and cash equivalents at end of the period	20	(46,514,661)	(33,916,264)

The annexed notes 1 to 26 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 HALF YEAR ENDED DECEMBER 31, 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 Limited (PSX). 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 PSX 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. Later, 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:

- i) KE Venture Company (Private) Limited (KEVCL), has been incorporated, as a wholly owned subsidiary of KE, 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
- ii) K-Solar (Private) Limited (K-Solar) was incorporated as a wholly owned subsidiary of KEVCL. The principal activity of K-Solar is to provide customers with opportunities to diversify their energy sources through high quality and economic solutions.

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

1.6 These are separate condensed interim financial statements of KE, in which investment in subsidiary has been accounted for at cost less accumulated impairment, if any. 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) 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 is currently pursuing 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. Further, NEPRA in its MTR decision decided to review at the end of MYT control period, the impact of USD indexation on allowed Return on Equity and base rate adjustment component for required return on regulatory assets. Therefore, the Company has accounted on accrual basis for these base tariff impacts 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 and IFAS, 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 financial statements and should be read in conjunction with the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2022. These unconsolidated condensed interim financial statements are un-audited, however, have been subject to limited scope review by the auditors of the Company and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and section 237 of the Act.



- 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 unconsolidated annual 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 amounts of comparable period of the immediately preceding financial year.
- 2.4 The figures included in the unconsolidated condensed interim statement of profit or loss and the unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2022 and December 31, 2021 and the notes forming part thereof have not been reviewed by the auditors, as they are only required to review the cumulative figures for the half year ended December 31, 2022.
- 2.5 These unconsolidated condensed interim financial statements are presented in Pakistan Rupee which is also the Company's functional currency.
- 2.6 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.
- 2.7 **Amendments to published accounting and reporting standards that are not yet effective and have not been early adopted by KE**

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

	Effective dates (accounting periods beginning on or after)
IAS 1 Presentation of financial statements (Amendments)	January 1, 2023
IAS 8 Accounting policies, changes in estimates and errors (Amendments)	January 1, 2023
IAS 12 Income taxes (Amendments)	January 1, 2023
IFRS 16 Leases on sale and leaseback (Amendments)	January 1, 2024
IAS 1 Non current liabilities with covenants (Amendments)	January 1, 2024

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

- 2.8 SECP through S.R.O. 67(I)/2023 dated January 20, 2023 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP) in respect of circular debt, the requirements contained in IFRS 9 'Financial Instruments', with respect to application of Expected Credit Loss (ECL) method shall not be applicable for the financial years ending on or before December 31, 2024, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period.



2.9 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 Company's accounting policies and the key sources of estimation and uncertainty from those that were applied to the annual audited unconsolidated financial statements of the Company 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 2.8 above, due to extension of the exemption until financial years ending on or before December 31, 2024, applicable in respect of financial assets due from the GoP in respect of circular debt with respect to ECL method, the application of IAS 39 continues to be consistently applied by the Company to such financial assets during the exemption period.

	Note	(Un-Audited) December 31, 2022	(Audited) June 30, 2022
		----- (Rupees in '000) -----	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets		348,200,205	337,416,723
Capital work-in-progress (CWIP)	4.2	155,591,279	151,663,503
Right-of-use assets		130,090	167,983
		<u>503,921,574</u>	<u>489,248,209</u>

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

	Transfers from CWIP (at cost)		Disposals (at net book value)	
	December 31, 2022	June 30, 2022	December 31, 2022	June 30, 2022
	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
----- (Rupees in '000) -----				
Plant and machinery	523,343	5,327,746	49,748	1,120,789
Transmission and distribution network	21,618,402	29,523,780	239,663	672,853
Others	1,017,973	1,761,607	2,447	15,249
	<u>23,159,718</u>	<u>36,613,133</u>	<u>291,858</u>	<u>1,808,891</u>

4.1.1 The above disposals represent assets costing Rs. 1,592 million (June 30, 2022: Rs. 7,185 million) which were disposed off for Rs. 774 million (June 30, 2022: Rs. 4,003 million).

4.2 Details of CWIP are as follows:

	Plant and machinery	Transmission grid equipment / lines	Distribution network / renewals of mains and services	Others	December 31, 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 / year (note 4.2.1)	15,076,362	5,042,577	7,478,304	269,870	27,867,113	62,771,603
	103,036,646	32,816,620	37,548,001	6,129,349	179,530,616	188,651,608
Transfers to operating fixed assets and intangible assets / adjustment (note 4.2.2)	(525,185)	(1,671,643)	(21,564,559)	(177,950)	(23,939,337)	(36,988,105)
Closing balance at the end of period / year	102,511,461	31,144,977	15,983,442	5,951,399	155,591,279	151,663,503

4.2.1 These include borrowing cost capitalised during the period amounting to Rs.12,573 million (June 30, 2022: Rs. 11,523 million).

4.2.2 These include certain assets written off during the period amounting to Rs. 195 million (June 30, 2022: Nil).

	(Un-Audited) December 31, 2022	(Audited) June 30, 2022
Note	----- (Rupees in '000) -----	

5. OTHER FINANCIAL ASSETS - AT AMORTISED COST

Investments in term deposit receipts	5.1	18,844,995	17,411,300
Less:			
Current maturity shown under current assets		(1,603,567)	(1,088,032)
		<u>17,241,428</u>	<u>16,323,268</u>

5.1 These represents term deposits aggregating to USD 83.23 million maintained with Dubai Islamic Bank Pakistan Limited (DIBPL). These carry profit at the rate of three months LIBOR and are due to mature in quarterly installments starting from November 3, 2022 and ending on August 3, 2034. These term deposits are part of the long term foreign exchange hedge arrangement as explained in note 21.11 to the audited unconsolidated financial statements for the year ended June 30, 2022.

	(Un-Audited) December 31, 2022	(Audited) June 30, 2022
Note	----- (Rupees in '000) -----	

6. INVENTORIES

High speed diesel (HSD)	1,009,124	796,320
Furnace oil	2,565,348	3,233,726
	<u>3,574,472</u>	<u>4,030,046</u>
Stores, spare parts and loose tools	14,416,294	14,362,377
	<u>17,990,766</u>	<u>18,392,423</u>
Provision against slow moving and obsolete stores, spare parts and loose tools	6.1	(1,331,831)
	<u>(1,149,745)</u>	<u>(1,331,831)</u>
	<u>16,841,021</u>	<u>17,060,592</u>

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		<u>(Un-Audited)</u> December 31, 2022	<u>(Audited)</u> June 30, 2022
	Note	----- (Rupees in '000) -----	
6.1	Provision against slow moving and obsolete stores, spare parts and loose tools		
	Opening balance	1,331,831	1,113,368
	(Reversal) / provision recognised during the period / year - net	<u>(182,086)</u>	<u>218,463</u>
		<u>1,149,745</u>	<u>1,331,831</u>
7.	TRADE DEBTS		
	Considered good		
	Secured – against deposits from consumers	5,688,664	5,745,925
	Unsecured	<u>70,632,406</u>	<u>131,097,109</u>
		7.1	<u>76,321,070</u>
	Considered doubtful	<u>109,383,558</u>	<u>100,618,760</u>
		185,704,628	237,461,794
	Provision for impairment against debts considered doubtful	7.3	<u>(109,383,558)</u>
		<u>76,321,070</u>	<u>136,843,034</u>

7.1 These balances do not include any Late Payment Surcharge (LPS) on receivables from public sector consumers, as fully explained in note 13.1.1 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 December 31, 2022, receivable from government and autonomous bodies amounting to Rs. 46,325 million (June 30, 2022: Rs. 48,309 million) includes unrecognised LPS of Rs. 8,934 million (June 30, 2022: Rs. 9,571 million); which includes receivable from Karachi Water and Sewerage Board (KW&SB) amounting to Rs. 33,239 million including unrecognised LPS of Rs. 5,420 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. 6,613 million including unrecognised LPS of Rs. 717 million (June 30, 2022: Rs. 8,449 million including unrecognised LPS of Rs. 1,926 million).

Upto December 31, 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.

7.2 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. On March 17, 2022, the Appeals were heard and dismissed by the SCP through a verbal order against KE. Later, the Company received an order in September 2022, wherein the SCP listed the Appeals for rehearing. Appeals were re-heard on January 19, 2023, wherein the SCP through a verbal order announced in open court, has graciously allowed the appeals of KE and dismissed the appeals of the industrial consumers. Further, the SCP has directed NEPRA to pass a determination with respect to the ISPA arrears accrued during the six (06) month period. However, a written order of the SCP is still awaited to be issued accordingly.

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7.3	Provision for impairment	Note	(Un-Audited)	(Audited)
			December 31, 2022	June 30, 2022
			----- (Rupees in '000) -----	
	Opening balance		100,618,760	97,746,537
	Provision recognised during the period / year		17,584,898	19,332,532
			<u>118,203,658</u>	<u>117,079,069</u>
	Write-off against provision during the period / year		(8,820,100)	(16,460,309)
			<u>109,383,558</u>	<u>100,618,760</u>

8. OTHER RECEIVABLES

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

- Tariff adjustment		434,128,885	355,338,042
- Sales tax - net		19,112,559	19,050,156
- Interest receivable from GoP on demand finance liabilities		237,173	237,173
- Others		5,644,973	5,864,080
	8.1	<u>459,123,590</u>	<u>380,489,451</u>
Others		401,050	249,036
		<u>459,524,640</u>	<u>380,738,487</u>
Provision for impairment		(6,024,731)	(5,514,731)
		<u>453,499,909</u>	<u>375,223,756</u>

8.1 This includes Rs. 59,873 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, June 30, 2021 and June 30, 2022 aggregating to Rs. 51,637 million have been pending for determination by NEPRA for which NEPRA through its letters dated December 31, 2019, March 10, 2021, March 30, 2022, June 8, 2022 and October 24, 2022 stated that further deliberation is required in respect of the above-mentioned claims before these can be allowed as an adjustment in tariff.

8.2 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.

9.	LONG-TERM FINANCING	Note	(Un-Audited)	(Audited)
			December 31, 2022	June 30, 2022
			----- (Rupees in '000) -----	
	Long-Term Financing from banking companies, financial institutions and others	9.1	159,643,417	150,548,630
	Long-Term Diminishing Musharaka	9.2	23,606,348	24,827,900
			<u>183,249,765</u>	<u>175,376,530</u>
	Less: Current maturity shown under current liabilities		(29,210,715)	(23,638,341)
			<u>154,039,050</u>	<u>151,738,189</u>

9.1 Details about these facilities have been disclosed in note 21 to the Company's unconsolidated financial statements for the year ended June 30, 2022.

9.2 Details about these facilities have been disclosed in note 20 to the Company's unconsolidated financial statements for the year ended June 30, 2022.

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	(Un-Audited) December 31, 2022	(Audited) June 30, 2022
	----- (Rupees in '000) -----	
10. TRADE AND OTHER PAYABLES		
Trade creditors		
Power purchases	358,470,062	306,689,269
Fuel and gas	43,931,072	49,490,805
Others	16,693,929	22,889,350
	<u>419,095,063</u>	<u>379,069,424</u>
Accrued expenses	5,825,128	5,611,945
Contract liabilities		
Energy	1,162,855	1,375,167
Others	2,622,517	3,785,276
	<u>3,785,372</u>	<u>5,160,443</u>
Other liabilities	51,723,164	49,418,968
	<u>480,428,727</u>	<u>439,260,780</u>

11. 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.

	(Un-Audited) December 31, 2022	(Audited) June 30, 2022
	----- (Rupees in '000) -----	
12. SHORT-TERM BORROWINGS		
	Note	
Secured:		
From banking companies:		
Bills payable	12.1	34,524,326
Short-term running finances	12.1	50,566,742
Privately placed sukuku	12.2	6,647,972
		<u>91,739,040</u>
Unsecured:		
From others:		
Privately placed sukuku	12.3	30,000,000
		<u>121,739,040</u>
		<u>107,535,452</u>

12.1 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.

12.2 During the period, the Company has issued a distinct privately placed and secured Sukuk certificate, amounting to Rs. 6.7 billion (issue size). These carry profit at 3 months KIBOR + 1.70% per annum.

12.3 These include six distinct privately placed and unsecured Sukuk certificates of 6 months' tenor amounting to Rs. 30 billion (issue-size) in aggregate maturing from February 10, 2023 to June 13, 2023. These carry profit at 6 months KIBOR + 1.35% to 1.45% per annum.

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13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 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 condensed interim 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 December 31, 2022, the MoF has released KE's tariff differential claims aggregating Rs. 489,720 million (June 30, 2022: Rs. 465,891 million) directly to NTDC / CPPA. Additionally, KE has also directly paid Rs. 67,167 million up to December 31, 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 December 31, 2022 amounts to Rs. 146,697 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) on Indigenous gas through its monthly invoices upto December 31, 2022 aggregates to Rs. 137,902 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 initiated 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.

MD -

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. 27,500 million by the Government of Sindh (GoS). 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. 27,500 million 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 May 2, 2018, order dated April 17, 2018 and June 13, 2018 of the Honorable Sindh High Court, 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 conveyed this situation to Ministry of Energy (Power Division) and other relevant authorities and had requested for immediate steps to release Tariff Differential Subsidy (TDS) claims of KE 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. 1,967 million upto December 31, 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 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.

A high level Task Force has been constituted by the Honorable Prime Minister of Pakistan to resolve issues faced by KE including historic disputes around receivables and payables with Government entities and departments, along with implementation of a mechanism to prevent such disputes from arising in the future. 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 abundant caution, a provision amounting to Rs. 5,269 million (June 30, 2022: Rs. 5,269 million) is being maintained by KE in these unconsolidated condensed interim financial statements on account of mark-up on delayed payment.

- 13.1.2** The Government of Pakistan promulgated GIDC Act 2011, GIDC Ordinance 2014 and GIDC Act 2015 for collection of Gas Infrastructure Development Cess (GIDC) from gas consumers (both power sector and industrial sector) other than domestic consumers. Single bench of the High Court of Sindh through its judgment (by consolidating all similar cases) dated October 26, 2016 held the GIDC Act 2011, GIDC Ordinance 2014 and GIDC Act 2015 to be ultra vires and un-constitutional and held that the amounts collected in pursuance of the above laws are liable to be refunded / adjusted in the future bills, therefore all amounts previously paid by KE to SSGC amounting to Rs. 4,672 million, in respect of GIDC, became immediately due and recoverable from SSGC.

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Subsequently, GoP filed an appeal before the divisional bench of the High Court of Sindh challenging the above judgment (in respect of few other parties), whereby the decision of the single bench was suspended by the divisional bench of the High Court of Sindh on November 10, 2016. During the year ended June 30, 2020, High Court of Peshawar ruled that the GIDC Act 2015 was constitutional. Aggrieved parties filed an appeal before the Supreme Court of Pakistan to challenge the decision of the High Court of Peshawar. KE was impleaded as a party in the said appeal on the basis of its Intervenor Application.

The Supreme Court of Pakistan vide its decision dated August 13, 2020, has dismissed all the petitions and related appeals in matter of GIDC and declared GIDC Act 2015 to be valid, being within the legislative competence of the parliament. Further, as per this decision, the companies responsible to collect GIDC under the GIDC Act 2015 were directed to recover all arrears of GIDC due but not recovered upto July 31, 2020, in 24 equal monthly installments starting from August 1, 2020 without the component of late payment surcharge. KE filed a review petition and the SCP dismissed the review petition through its order dated November 2, 2020, however, installments for payment of GIDC arrears have been increased to 48 from 24.

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

KE, based on the views of its legal counsel, is of the opinion that KE in its suit before the HCS has raised substantive grounds and has fairly reasonable prospects of success if the courts accepts the abovementioned interpretation / grounds. It has been contended that in the presence of a valid Decree passed by the HCS, no GIDC can be imposed during the time such Decree is in the field. Accordingly, no liability and the related receivable amounting to approximately Rs. 35,822 million respectively in respect of GIDC has been recognized in these unconsolidated condensed interim financial statements. However, if the eventual outcome of the suit filed before the HCS results in any amount payable by KE on account of GIDC, it will be ultimately recovered through the MYT as a pass-through item.

13.1.3 There has been no significant change in the status of contingencies as disclosed in notes 32.1.2 to 32.1.4 and note 32.1.6 of the annual unconsolidated financial statements of KE for the year ended June 30, 2022.

13.2 Claims not acknowledged as debts

13.2.1 Claims not acknowledged as debts as disclosed in note 32.2 to the annual unconsolidated financial statements of KE for the year ended June 30, 2022 remained unchanged except mentioned below:

	(Un-Audited)	(Audited)
	December 31,	June 30,
	2022	2022
	----- (Rupees in '000) -----	
13.2.2 Outstanding dues of property tax, water charges, custom duty, ground rent and occupancy value	<u>9,845,659</u>	<u>8,986,844</u>
13.3 Commitments		
13.3.1 Guarantees issued on behalf of the Company (note 13.3.7)	<u>6,234,509</u>	<u>6,134,039</u>
13.3.2 Transmission projects	<u>25,481,895</u>	<u>26,128,344</u>
13.3.3 BQPS III 900 MW combined cycle power plant and associated transmission project	<u>22,355,044</u>	<u>21,068,317</u>
13.3.4 Outstanding letters of credit	<u>9,700,562</u>	<u>10,305,045</u>
13.3.5 Dividend on preference shares	<u>1,119,453</u>	<u>1,119,453</u>

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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.

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

	(Un-Audited) December 31, 2022	(Audited) June 30, 2022
	----- (Rupees in '000) -----	
- Not later than one year	559,001	425,062
- Later than one year and not later than five years	972,217	638,515

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

13.3.7 This includes guarantees amounting to Rs. 6 billion called off by the supplier on account of non-payment of outstanding dues by KE, however, KE has obtained a stay order from the High Court of Sindh in this regard.

	Note	(Un-Audited) Half Year Ended		(Un-Audited) Quarter Ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
14. SALE OF ENERGY - NET					
Gross revenue	14.1	222,288,583	191,970,113	98,354,861	84,128,183
Sales tax		(44,777,010)	(32,299,103)	(18,220,004)	(16,397,234)
Other taxes		(14,496,186)	(10,102,705)	(5,683,283)	(5,083,966)
Net revenue	14.2	<u>163,015,387</u>	<u>149,568,305</u>	<u>74,451,574</u>	<u>62,646,983</u>

14.1 Gross revenue is net-off an amount of Rs. 3,220 million (December 31, 2021: Rs. 1,288 million) representing invoices raised during the period for energy consumed, however, these invoices are considered non-recoverable.

	Note	(Un-Audited) Half Year Ended		(Un-Audited) Quarter Ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
14.2 Net Revenue					
Residential	14.2.1	84,428,408	58,158,189	37,416,513	21,859,985
Commercial	14.2.1	35,435,114	25,732,238	17,111,226	12,021,849
Industrial	14.2.1	78,405,287	58,401,248	39,453,014	29,910,184
Fuel surcharge adjustment	14.2.2	(36,288,012)	6,666,955	(20,206,916)	(1,435,914)
Others		1,034,590	609,675	677,737	290,879
		<u>163,015,387</u>	<u>149,568,305</u>	<u>74,451,574</u>	<u>62,646,983</u>

14.2.1 The above includes net cycle day impact amounting to Rs. 988 million (December 31, 2021: Rs. 5,773 million) reduction in revenue.

14.2.2 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.

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15. TARIFF ADJUSTMENT

- 15.1 This represents tariff differential subsidy claim for variation in fuel prices, cost of power purchases, write-off claims, operation and maintenance cost, being adjustments required as per NEPRA's MYT decision and those resulting in adjustment of tariff due from Government.
- 15.2 Includes Rs. 8,236 million comprising dues of 40,616 consumers (December 31, 2022: Rs 5,636 million comprising dues of 35,451 consumers) recognised during the half year ended December 31, 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.

	(Un-Audited) Half Year Ended		(Un-Audited) Quarter Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
16. PURCHASE OF ELECTRICITY				
CPPA / NTDC Independent Power Producers (IPPs) / other power purchase	75,005,341	63,306,463	35,343,444	34,225,961
Karachi Nuclear Power Plant (KANUPP)	36,581,616	26,087,724	15,399,513	12,438,873
	-	852,135	-	-
	<u>111,586,957</u>	<u>90,246,322</u>	<u>50,742,957</u>	<u>46,664,834</u>
17. CONSUMPTION OF FUEL AND OIL				
Natural gas / RLNG	58,107,168	57,577,514	24,102,789	26,619,681
Furnace and other fuel / oil	61,416,823	21,749,267	18,031,908	6,146,444
High speed diesel (HSD)	1,701,266	2,023,654	560,809	973,359
	<u>121,225,257</u>	<u>81,350,435</u>	<u>42,695,506</u>	<u>33,739,484</u>
18. OTHER OPERATING EXPENSES				
Exchange loss / (gain) - net	2,169,286	2,570,815	(1,866,127)	1,118,492
Workers' profits participation fund	-	273,650	-	63,045
Interest on consumer deposits	-	258,060	-	131,056
Donations	21,648	27,720	5,536	9,201
Listing fee	7,108	2,927	3,137	1,516
Others	423,996	-	189,720	357
	<u>2,622,038</u>	<u>3,133,172</u>	<u>(1,667,734)</u>	<u>1,323,667</u>
19. FINANCE COST				
Mark-up / interest on:				
- Long-term financing	4,576,700	2,436,810	2,306,650	1,014,020
- Short-term borrowings	4,816,435	2,534,455	2,267,000	1,554,781
	<u>9,393,135</u>	<u>4,971,265</u>	<u>4,573,650</u>	<u>2,568,801</u>
Late payment surcharge on delayed payment to creditors	112,997	6,573	-	5,573
Bank charges, guarantee commission, commitment fee and other service charges	313,589	201,552	165,367	97,180
Mark-up on lease liabilities	10,308	8,041	4,616	3,939
Letters of credit discounting charges	2,876,496	1,132,218	1,548,194	656,474
	<u>12,706,525</u>	<u>6,319,649</u>	<u>6,291,827</u>	<u>3,331,967</u>

	Note	(Un-Audited)	
		December 31,	December 31,
		2022	2021
		----- (Rupees in '000) -----	
20. CASH AND CASH EQUIVALENTS			
Cash and bank balances		4,052,081	1,168,023
Short-term running finances	12	(50,566,742)	(35,084,287)
		<u>(46,514,661)</u>	<u>(33,916,264)</u>

21. TRANSACTIONS WITH RELATED PARTIES

Related parties of KE comprise of parent company, 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:

21.1 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)	
		December 31,	December 31,
		2022	2021
		----- (Rupees in '000) -----	
CPPA / NTDC	Power purchases	<u>75,005,341</u>	<u>63,306,463</u>
Pakistan State Oil Company Limited	Purchase of furnace oil / HSD & other lubricants	<u>60,748,419</u>	<u>24,705,165</u>
Sui Southern Gas Company Limited	Purchase of gas	<u>38,513,814</u>	<u>57,577,514</u>
Pakistan LNG Limited	Purchase of gas	<u>19,593,354</u>	<u>-</u>
21.2 Hascol Petroleum Limited (note 21.8)	Purchase of furnace oil	<u>-</u>	<u>1,942,418</u>
21.3 Subsidiary - KEVCL	Subscription of share capital	<u>-</u>	<u>92,900</u>
	Payment of statutory filing fee on behalf of KEVCL	<u>-</u>	<u>5</u>
21.4 Subsidiary - K-Solar	Management fee income	<u>2,281</u>	<u>3,740</u>
	Salary of deputed staff	<u>11,879</u>	<u>7,109</u>
	Payment of statutory filing fee on behalf of K-Solar	<u>-</u>	<u>2</u>
21.5 Key management personnel	Managerial remuneration	<u>371,031</u>	<u>308,310</u>
	Other allowances and benefits	<u>133,307</u>	<u>159,934</u>
	Retirement benefits	<u>67,573</u>	<u>30,883</u>
	Leave encashment	<u>3,491</u>	<u>1,436</u>
21.6 Provident fund	Contribution to provident fund	<u>622,716</u>	<u>570,740</u>
21.7 Gratuity fund	Contribution to gratuity fund	<u>181,522</u>	<u>696,791</u>
21.8	During the period, Hascol Petroleum Limited was not the related party of KE.		

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22. OPERATING SEGMENTS

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.

	(Un-Audited) December 31, 2022									
	Generation		Transmission		Distribution		Eliminations		Total	
	Half Year Ended December 31, 2022	Quarter Ended December 31, 2022	Half Year Ended December 31, 2022	Quarter Ended December 31, 2022	Half Year Ended December 31, 2022	Quarter Ended December 31, 2022	Half Year Ended December 31, 2022	Quarter Ended December 31, 2022	Half Year Ended December 31, 2022	Quarter Ended December 31, 2022
	(Rupees in million)									
Segment revenue	-	-	-	-	265,635	111,101	-	-	265,635	111,101
Inter-segment revenue	143,604	54,706	9,247	2,299	-	-	(152,851)	(57,005)	-	-
Total revenue	143,604	54,706	9,247	2,299	265,635	111,101	(152,851)	(57,005)	265,635	111,101
Purchase of electricity /										
Consumption of fuel and oil	(121,225)	(42,695)	-	-	(264,436)	(107,748)	152,851	57,005	(232,812)	(93,438)
Contribution margin	22,379	12,011	9,247	2,299	1,197	3,353	-	-	32,823	17,663
O&M expenses	(2,818)	(1,432)	(2,398)	(1,140)	(12,732)	(6,480)	-	-	(17,948)	(9,052)
Other operating expenses	(1,177)	2,201	(1,045)	(366)	(400)	(167)	-	-	(2,622)	1,668
Other income	224	158	337	177	5,412	2,402	-	-	5,973	2,737
Impairment loss against trade debts	-	-	-	-	(18,095)	(10,199)	-	-	(18,095)	(10,199)
EBITDA	18,608	12,938	6,141	970	(24,618)	(11,091)	-	-	131	2,817
Depreciation and amortisation	(6,846)	(3,383)	(1,981)	(955)	(3,506)	(1,869)	-	-	(12,313)	(6,207)
EBIT	11,762	9,555	4,160	15	(28,124)	(12,960)	-	-	(12,182)	(3,390)
Finance cost	(3,723)	(1,694)	(2,794)	(1,091)	(6,190)	(3,507)	-	-	(12,707)	(6,292)
Profit / (Loss) before taxation	8,039	7,861	1,366	(1,076)	(34,314)	(16,467)	-	-	(24,889)	(9,682)
Taxation - Current	(1,159)	(509)	(75)	(24)	(910)	(482)	-	-	(2,144)	(1,015)
Profit / (loss) for the period	6,880	7,352	1,311	(1,100)	(35,224)	(16,949)	-	-	(27,033)	(10,697)

	(Un-Audited) December 31, 2021									
	Generation		Transmission		Distribution		Eliminations		Total	
	Half Year Ended December 31, 2021	Quarter Ended December 31, 2021	Half Year Ended December 31, 2021	Quarter Ended December 31, 2021	Half Year Ended December 31, 2021	Quarter Ended December 31, 2021	Half Year Ended December 31, 2021	Quarter Ended December 31, 2021	Half Year Ended December 31, 2021	Quarter Ended December 31, 2021
	(Rupees in million)									
Segment revenue	-	-	-	-	217,354	103,215	-	-	217,354	103,215
Inter-segment revenue	98,399	40,653	12,569	5,215	-	-	(110,968)	(45,868)	-	-
Total revenue	98,399	40,653	12,569	5,215	217,354	103,215	(110,968)	(45,868)	217,354	103,215
Purchase of electricity /										
Consumption of fuel and oil	(81,350)	(33,740)	-	-	(201,215)	(92,533)	110,968	45,868	(171,597)	(80,405)
Contribution margin	17,049	6,913	12,569	5,215	16,139	10,682	-	-	45,757	22,810
O&M expenses	(3,054)	(1,416)	(2,696)	(1,408)	(10,517)	(5,113)	-	-	(16,267)	(7,937)
Other operating expenses	(1,366)	(68)	(1,533)	(1,201)	(234)	(56)	-	-	(3,133)	(1,324)
Other income	(279)	(314)	222	(47)	4,236	1,655	-	-	4,179	1,294
Impairment loss against trade debts	-	-	-	-	(9,278)	(5,423)	-	-	(9,278)	(5,423)
EBITDA	12,360	5,115	8,562	2,559	346	1,746	-	-	21,268	9,420
Depreciation and amortisation	(5,076)	(2,328)	(2,254)	(1,340)	(2,409)	(1,222)	-	-	(9,739)	(4,890)
EBIT	7,274	2,787	6,308	1,219	(2,063)	524	-	-	11,519	4,530
Finance cost	(1,977)	(863)	(1,411)	(712)	(2,932)	(1,757)	-	-	(6,320)	(3,332)
Profit / (Loss) before taxation	5,297	1,924	4,897	507	(4,995)	(1,233)	-	-	5,199	1,198
Taxation - Current	(979)	(501)	(906)	(285)	-	-	-	-	(1,885)	(786)
Profit / (loss) for the period	4,318	1,423	3,991	222	(4,995)	(1,233)	-	-	3,314	412

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	<u>(Un-Audited)</u> December 31, 2022	<u>(Audited)</u> June 30, 2022
	----- (Rupees in million) -----	
Assets		
Generation	271,164	257,243
Transmission	147,213	142,794
Distribution	651,714	618,783
Un-allocated	33,381	41,308
	<u>1,103,472</u>	<u>1,060,128</u>
Liabilities		
Generation	219,260	201,613
Transmission	76,359	66,930
Distribution	540,255	491,913
Un-allocated	44,458	49,500
	<u>880,332</u>	<u>809,956</u>

23. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

23.1 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.

	<u>(Un-Audited)</u> December 31, 2022	<u>(Audited)</u> June 30, 2022
	----- (Rupees in '000) -----	

23.2 Financial risk factors

Financial assets measured at fair value through profit or loss

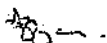
Derivative financial assets	<u>12,937,708</u>	<u>8,033,631</u>
-----------------------------	-------------------	------------------

23.2.1 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.

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

23.2.3 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).



23.3 Fair value of financial assets and liabilities

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

24. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for better presentation. Following major balances have been clubbed in these unconsolidated condensed interim financial statements which were presented separately in the annual audited unconsolidated financial statements of KE for the year ended June 30, 2022.

		(Un-Audited)					
FSLs in annual audited unconsolidated financial statements for the year ended June 30, 2022	Note	December 31, 2022	June 30, 2022	FSLs in unconsolidated condensed interim financial statements for the half year ended December 31, 2022	Note	December 31, 2022	June 30, 2022
		— (Rupees in '000) —				— (Rupees in '000) —	
Long-term loans	8	10,864	11,899	Long-term loans and deposits	-	21,125	23,643
Long-term deposits	9	10,261	11,744				
Long-term diminishing musharaka	20	19,856,348	21,077,900	Long-term financing	9	154,039,050	151,738,189
Long-term financing	21	134,182,702	130,660,289				
Current maturity of long-term diminishing musharaka	20	3,750,000	3,750,000	Current maturity of long-term financing	9	29,210,715	23,638,341
Current maturity of long-term financing	21	25,460,715	19,888,341				

25. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on 27 February 2023 by the Board of Directors of KE.

26. GENERAL

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

10/2/23


Chief Executive Officer


Director


Chief Financial Officer



**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

K-ELECTRIC LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Un-Audited December 31, 2022	Audited June 30, 2022
Note	(Rupees in '000)	
ASSETS		
Non-current assets		
Property, plant and equipment	4 503,962,071	489,283,684
Intangible assets	924,283	518,889
Investment property	2,895,463	2,925,942
Other financial assets - at amortised cost	5 17,241,428	16,323,268
Long-term loans and deposits	23,981	26,499
Deferred taxation	46,418	27,868
	<u>525,093,644</u>	<u>509,106,150</u>
Current assets		
Inventories	6 16,857,845	17,105,276
Trade debts	7 76,365,990	136,963,108
Loans and advances	2,510,550	1,689,165
Deposits and short-term prepayments	10,449,912	8,057,751
Other receivables	8 453,460,737	375,198,048
Current maturity of other financial assets - at amortised cost	1,603,567	1,088,032
Derivative financial assets	12,937,708	8,033,631
Cash and bank balances	4,136,355	2,899,473
	<u>578,322,664</u>	<u>551,034,484</u>
TOTAL ASSETS	<u><u>1,103,416,308</u></u>	<u><u>1,060,140,634</u></u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Issued, subscribed and paid-up capital	96,261,551	96,261,551
Reserves		
Capital reserves		
Share premium and other reserves	2,009,172	2,009,172
Revaluation surplus on property, plant and equipment	66,939,683	69,713,296
	<u>68,948,855</u>	<u>71,722,468</u>
Revenue reserves		
General reserves	5,372,356	5,372,356
Unappropriated profit	52,435,309	76,742,861
	<u>57,807,665</u>	<u>82,115,217</u>
	<u>126,756,520</u>	<u>153,837,685</u>
TOTAL EQUITY	<u>223,018,071</u>	<u>250,099,236</u>
LIABILITIES		
Non-current liabilities		
Long-term financing	9 154,039,050	151,738,189
Lease liabilities	139,214	164,701
Long-term deposits	14,520,636	13,976,931
Employee retirement benefits	5,405,946	5,492,679
Deferred revenue	35,967,312	30,580,528
	<u>210,072,158</u>	<u>201,953,028</u>
Current liabilities		
Current maturity of long-term financing	9 29,210,715	23,638,341
Current maturity of lease liabilities	20,528	32,750
Trade and other payables	10 480,475,005	439,323,801
Unclaimed dividend	645	645
Accrued mark-up	12,145,165	10,629,604
Taxation - net	11 1,355,142	897,273
Short-term borrowings	12 121,739,040	107,535,452
Short-term deposits	25,361,347	26,012,012
Provisions	18,492	18,492
	<u>670,326,079</u>	<u>608,088,370</u>
TOTAL LIABILITIES	<u>880,398,237</u>	<u>810,041,398</u>
Contingencies and Commitments	13	
TOTAL EQUITY AND LIABILITIES	<u><u>1,103,416,308</u></u>	<u><u>1,060,140,634</u></u>

The annexed notes 1 to 26 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 HALF YEAR ENDED DECEMBER 31, 2022

	Note	Half Year Ended		Quarter Ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
------(Rupees in '000)-----					
REVENUE					
Net Revenue	14	163,095,391	149,683,158	74,481,676	62,729,607
Tariff adjustment	15	102,619,756	67,785,818	36,649,516	40,567,650
		<u>265,715,147</u>	<u>217,468,976</u>	<u>111,131,192</u>	<u>103,297,257</u>
COST OF SALES					
Purchase of electricity	16	(111,586,957)	(90,246,322)	(50,742,957)	(46,664,834)
Consumption of fuel and oil	17	(121,225,257)	(81,350,435)	(42,695,506)	(33,739,484)
Expenses incurred in generation, transmission and distribution		(14,190,383)	(12,575,268)	(7,071,758)	(6,268,326)
Other cost of sales		(67,628)	(106,380)	(28,878)	(77,528)
		<u>(247,070,225)</u>	<u>(184,278,405)</u>	<u>(100,539,099)</u>	<u>(86,750,172)</u>
GROSS PROFIT		<u>18,644,922</u>	<u>33,190,571</u>	<u>10,592,093</u>	<u>16,547,085</u>
Consumers services and administrative expenses		(16,150,069)	(13,470,164)	(8,227,314)	(6,578,455)
Impairment loss against trade debts and other receivables		(18,094,898)	(9,277,805)	(10,198,963)	(5,422,346)
Other operating expenses	18	(2,622,038)	(3,133,172)	1,667,734	(1,323,667)
Other income		5,974,547	4,176,778	2,738,284	1,291,274
		<u>(30,892,458)</u>	<u>(21,704,363)</u>	<u>(14,020,259)</u>	<u>(12,033,194)</u>
(LOSS) / PROFIT BEFORE FINANCE COST		<u>(12,247,536)</u>	<u>11,486,208</u>	<u>(3,428,166)</u>	<u>4,513,891</u>
Finance cost	19	(12,707,635)	(6,320,607)	(6,292,378)	(3,332,548)
(LOSS) / PROFIT BEFORE TAXATION		<u>(24,955,171)</u>	<u>5,165,601</u>	<u>(9,720,544)</u>	<u>1,181,343</u>
Taxation		(2,125,994)	(1,885,619)	(1,007,749)	(786,232)
(LOSS) / PROFIT FOR THE PERIOD		<u>(27,081,165)</u>	<u>3,279,982</u>	<u>(10,728,293)</u>	<u>395,111</u>
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION					
		<u>66,841</u>	<u>21,227,561</u>	<u>2,778,154</u>	<u>9,405,282</u>
------(Rupees)-----					
(LOSS) / EARNING PER SHARE - BASIC AND DILUTED		<u>(0.98)</u>	<u>0.12</u>	<u>(0.39)</u>	<u>0.01</u>

The annexed notes 1 to 26 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 HALF YEAR ENDED DECEMBER 31, 2022

	Half Year Ended		Quarter Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	------(Rupees in '000)-----			
NET (LOSS) / PROFIT FOR THE PERIOD	(27,081,165)	3,279,982	(10,728,293)	395,111
OTHER COMPREHENSIVE INCOME:				
Items that may be reclassified to profit or loss				
Changes in fair value of cash flow hedges	6,233,026	2,070,697	488,888	202,491
Adjustment for amounts transferred to profit or loss	(6,233,026)	(2,070,697)	(488,888)	(202,491)
	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(27,081,165)	3,279,982	(10,728,293)	395,111

The annexed notes 1 to 26 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 HALF YEAR ENDED DECEMBER 31, 2022**

	Issued, subscribed and paid-up capital		Reserves				Total				
	Ordinary shares	Transaction costs	Total share capital	Share premium	Others	Capital		Revenue			
						Revaluation surplus on Property, plant and equipment - net of tax	General reserves	Unappropriated profit	Total		
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	223,951,516
Total comprehensive income for the half year ended December 31, 2021	-	-	-	-	-	-	-	-	3,279,982	3,279,982	3,279,982
Profit for the period	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Incremental depreciation charged relating to revaluation surplus on property, plant and equipment - net of deferred tax	-	-	-	-	-	(2,057,264)	(2,057,264)	-	2,057,264	2,057,264	-
Balance as at December 31, 2021	96,653,179	(391,628)	96,261,551	1,500,000	509,172	53,875,405	55,884,577	5,372,356	69,713,014	75,085,370	227,231,498
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	250,099,236
Total comprehensive income for the half year ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	-	-	-	(27,081,165)	(27,081,165)	(27,081,165)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Incremental depreciation charged relating to revaluation surplus on property, plant and equipment - net of deferred tax	-	-	-	-	-	(2,773,613)	(2,773,613)	-	2,773,613	2,773,613	-
Balance as at December 31, 2022	96,653,179	(391,628)	96,261,551	1,500,000	509,172	66,939,683	68,948,855	5,372,356	52,435,309	57,807,665	223,018,071

(Rupees in '000)

The annexed notes 1 to 26 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 HALF YEAR ENDED DECEMBER 31, 2022

	Note	Half Year Ended	
		December 31, 2022	December 31, 2021
		------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(24,955,171)	5,165,601
Adjustments for non-cash and other items:			
Depreciation and amortisation		12,314,377	9,741,353
Provision for employee retirement benefits		610,058	502,487
Reversal / provision for slow moving and obsolete inventories - net		(182,086)	99,939
Impairment loss against trade debts and other receivables		18,094,898	9,277,805
Provision against fatal accident cases		-	(1,700)
Gain on sale of property, plant and equipment		(482,353)	(991,698)
Unrealised gain on derivative financial assets		(6,233,026)	(2,070,697)
Unrealised exchange loss - net		7,541,663	3,369,009
Finance cost		12,707,024	6,320,568
Amortisation of deferred revenue		(1,380,886)	(1,174,259)
Assets written off		194,961	-
Return on bank deposits		(582,792)	(173,346)
Operating profit before working capital changes		17,646,667	30,065,062
Working capital changes:			
(Increase) / decrease in current assets			
Inventories		429,517	(4,804,564)
Trade debts		43,012,220	7,834,863
Loans and advances		(847,031)	1,161,767
Deposits and short term prepayments		(2,366,515)	(1,537,173)
Other receivables		(78,772,403)	(62,786,856)
		(38,544,212)	(60,131,963)
Increase / (decrease) in current liabilities			
Trade and other payables		40,131,663	33,280,635
Short-term deposits		(650,665)	4,683,506
		39,480,998	37,964,141
Cash generated from operations		18,583,453	7,897,240
Employee retirement benefits paid		(696,791)	(180,581)
Income tax paid		(1,686,964)	(2,899,247)
Receipts in deferred revenue		6,767,670	825,216
Receipt of interest income on term deposits		-	-
Finance cost paid		(22,474,741)	(8,747,021)
Payments made in respect of out of court settlements		-	-
Interest received on bank deposits		582,792	173,346
Long-term loans		2,518	823
		(17,505,516)	(10,827,464)
Net cash generated from / (used in) operating activities		1,077,937	(2,930,224)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(15,300,445)	(23,257,185)
Proceeds from disposal of property, plant and equipment		774,211	1,907,679
Redemption of investments		392,780	-
Investment made in subsidiary		-	(92,900)
Net cash used in investing activities		(14,133,454)	(21,442,406)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (Repayment of) long-term financing - net		(426,089)	31,024,208
Lease payments		(28,808)	(23,429)
Proceeds from / (Repayment of) short-term borrowings - net		8,358,416	(5,333,688)
Security deposit from consumers received		543,705	636,776
Net cash generated from financing activities		8,447,224	26,303,867
Net (decrease) / increase in cash and cash equivalents		(4,608,293)	1,931,237
Cash and cash equivalents at beginning of the period		(41,822,094)	(35,798,803)
Cash and cash equivalents at end of the period		(46,430,387)	(33,867,566)

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The annexed notes 1 to 26 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 HALF YEAR ENDED DECEMBER 31, 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 be the investment arm of KE to carry on any business including but not limited to businesses dealing in electricity and all other forms of energy, and products or services associated therewith. The registered office of KEVCL is situated at KE House, 39-B, Sunset Boulevard, Phase II, DHA, Karachi.

KE along with its nominees held 100% shares of KEVCL as at December 31, 2022 (June 30, 2022: 100% holding).

The operations of KEVCL have not started as at reporting date.

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 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. Later, 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) 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 is currently pursuing 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. Further, NEPRA in its MTR decision decided to review at the end of MYT control period, the impact of USD indexation on allowed Return on Equity and base rate adjustment component for required return on regulatory assets. Therefore, the Company has accounted on accrual basis for these base tariff impacts 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 and IFAS, 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 financial statements and should be read in conjunction with the annual audited consolidated financial statements 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 consolidated annual 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 amounts of comparable period of the immediately preceding financial year.
- 2.4** These consolidated condensed interim financial statements are presented in Pakistan Rupee which is also the Group's functional currency.
- 2.5** 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.
- 2.6** **Amendments to published accounting and reporting standards that are not yet effective and have not been early adopted by KE**

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

	Effective dates (accounting periods beginning on or after)
IAS 1 Presentation of financial statements (Amendments)	January 1, 2023
IAS 8 Accounting policies, changes in estimates and errors (Amendments)	January 1, 2023
IAS 12 Income taxes (Amendments)	January 1, 2023
IFRS 16 Leases on sale and leaseback (Amendments)	January 1, 2024
IAS 1 Non current liabilities with covenants (Amendments)	January 1, 2024

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

- 2.7** SECP through S.R.O. 67(I)/2023 dated January 20, 2023 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP) in respect of circular debt, the requirements contained in IFRS 9 'Financial Instruments', with respect to application of Expected Credit Loss (ECL) method shall not be applicable for the financial years ending on or before December 31, 2024, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period.

2.8 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 Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates.

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

2.9 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 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 2.7 above, due to extension of the exemption until financial years ending on or before December 31, 2024, applicable in respect of financial assets due from the GoP in respect of circular debt with respect to ECL method, the application of IAS 39 continues to be consistently applied by the Company to such financial assets during the exemption period.

		(Un-Audited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets		348,229,569	337,441,064
Capital work-in-progress (CWIP)	4.2	155,602,412	151,674,637
Right-of-use assets		130,090	167,983
		<u>503,962,071</u>	<u>489,283,684</u>

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

	December 31, 2022 (Un-Audited)	June 30, 2022 (Audited)	December 31, 2022 (Un-Audited)	June 30, 2022 (Audited)
	----- (Rupees in '000) -----			
Plant and machinery	523,343	5,327,746	49,748	1,120,789
Transmission and distribution network	21,618,402	29,523,780	239,663	672,853
Others	1,026,282	1,761,607	2,447	15,249
	<u>23,168,027</u>	<u>36,613,133</u>	<u>291,858</u>	<u>1,808,891</u>

4.1.1 The above disposals represent assets costing Rs. 1,592 million (June 30, 2022: Rs. 7,185 million) which were disposed off for Rs. 774 million (June 30, 2022: Rs. 4,003 million)

4.2 Details of CWIP are as follows:

	Plant and machinery	Transmission grid equipment / lines	Distribution network / renewals of mains and services	Others	December 31, 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	5,870,613	151,674,637	125,881,045
Additions / inter-class transfers during the period / year (note 4.2.1)	15,076,362	5,042,577	7,478,304	278,179	27,875,421	62,786,089
	103,036,645	32,816,620	37,548,001	6,148,791	179,550,058	188,667,134
Transfers to operating fixed assets and intangible assets / adjustment (note 4.2.2)	(525,185)	(1,671,643)	(21,564,559)	(186,259)	(23,947,646)	(36,992,497)
Closing balance at the end of period / year	<u>102,511,460</u>	<u>31,144,977</u>	<u>15,983,442</u>	<u>5,962,533</u>	<u>155,602,412</u>	<u>151,674,637</u>

4.2.1 These include borrowing cost capitalised during the period amounting to Rs.12,573 million (June 30, 2022: Rs.11,523 million).

4.2.2 These include certain assets written off during the period amounting to Rs. 195 million (June 30, 2022: Nil).

		(Un-Audited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
5. OTHER FINANCIAL ASSETS - AT AMORTISED COST			
Investments in term deposit receipts	5.1	18,844,995	17,411,300
Less:			
Current maturity shown under current assets		(1,603,567)	(1,088,032)
		<u>17,241,428</u>	<u>16,323,268</u>
5.1	These represents term deposits aggregating to USD 83.23 million maintained with Dubai Islamic Bank Pakistan Limited (DIBPL). These carry profit at the rate of three months LIBOR and are due to mature in three month installments starting from November 3, 2022 and ending on August 3, 2034. These term deposits are part of the long term foreign exchange hedge arrangement as explained in note 22.11 to the audited consolidated financial statements for the year ended June 30, 2022.		
		(Un-Audited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
6. INVENTORIES			
High speed diesel (HSD)		1,009,124	796,320
Furnace oil		2,565,348	3,233,726
		<u>3,574,472</u>	<u>4,030,046</u>
Stores, spare parts and loose tools		14,416,294	14,362,377
Solar panels and other items		16,824	44,684
		<u>18,007,590</u>	<u>18,437,107</u>
Provision against slow moving and obsolete stores, spare parts and loose tools	6.1	(1,149,745)	(1,331,831)
		<u>16,857,845</u>	<u>17,105,276</u>
6.1 Provision against slow moving and obsolete stores, spare parts and loose tools			
Opening balance		1,331,831	1,113,368
(Reversal) / provision recognised during the period / year - net		(182,086)	218,463
		<u>1,149,745</u>	<u>1,331,831</u>
7. TRADE DEBTS			
Considered good			
Secured – against deposits from consumers		5,688,664	5,745,925
Unsecured		70,677,326	131,217,183
	7.1	<u>76,365,990</u>	<u>136,963,108</u>
Considered doubtful		109,383,832	100,619,034
		<u>185,749,822</u>	<u>237,582,142</u>
Provision for impairment against debts considered doubtful	7.3	(109,383,832)	(100,619,034)
		<u>76,365,990</u>	<u>136,963,108</u>

- 7.1** These balances do not include any Late Payment Surcharge (LPS) on receivables from public sector consumers, as fully explained in note 13.1.1 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 December 31, 2022, receivable from government and autonomous bodies amounting to Rs. 46,325 million (June 30, 2022: Rs. 48,309 million) includes unrecognised LPS of Rs. 8,934 million (June 30, 2022: Rs. 9,571 million); which includes receivable from Karachi Water and Sewerage Board (KW&SB) amounting to Rs. 33,239 million including unrecognised LPS of Rs. 5,420 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. 6,613 million including unrecognised LPS of Rs. 717 million (June 30, 2022: Rs. 8,449 million including unrecognised LPS of Rs. 1,926 million).

Upto December 31, 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.

- 7.2** 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. On March 17, 2022, the Appeals were heard and dismissed by the SCP through a verbal order against KE. Later, KE received an order in September 2022, wherein the SCP listed the Appeals for rehearing. Appeals were re-heard on January 19, 2023, wherein the SCP through a verbal order announced in open court, has graciously allowed the appeals of KE and dismissed the appeals of the industrial consumers. Further, the SCP has directed NEPRA to pass a determination with respect to the ISPA arrears accrued during the six (06) month period. However, a written order of the SCP is still awaited to be issued accordingly.

	(Un-Audited)	(Audited)
	December 31, 2022	June 30, 2022
Note	----- (Rupees in '000) -----	
7.3 Provision for impairment		
Opening balance	100,619,034	97,746,537
Provision recognised during the period / year	17,584,898	19,332,806
	<u>118,203,932</u>	<u>117,079,343</u>
Write-off against provision during the period / year	(8,820,100)	(16,460,309)
	<u>109,383,832</u>	<u>100,619,034</u>

		(Un-Audited)	(Audited)
		December 31,	June 30,
		2022	2022
	Note	----- (Rupees in '000) -----	
8. OTHER RECEIVABLES			
Due from the Government of Pakistan (GoP) and Government of Balochistan (GoB) - net:			
- Tariff adjustment		434,128,885	355,338,042
- Sales tax - net		19,124,608	19,062,320
- Interest receivable from GoP on demand finance liabilities		237,173	237,173
- Others		5,644,973	5,864,080
	8.1	<u>459,135,639</u>	<u>380,501,615</u>
Others		349,829	211,164
		<u>459,485,468</u>	<u>380,712,779</u>
Provision for impairment		(6,024,730)	(5,514,731)
		<u><u>453,460,738</u></u>	<u><u>375,198,048</u></u>

8.1 This includes Rs. 59,873 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, June 30, 2021 and June 30, 2022 aggregating to Rs. 51,637 million have been pending for determination by NEPRA for which NEPRA through its letters dated December 31, 2019, March 10, 2021, March 30, 2022, June 8, 2022 and October 24, 2022 stated that further deliberation is required in respect of the above-mentioned claims before these can be allowed as an adjustment in tariff.

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

		(Un-Audited)	(Audited)
		December 31,	June 30,
		2022	2022
	Note	----- (Rupees in '000) -----	
9. LONG-TERM FINANCING			
Long-Term Financing from banking companies, financial institutions and others	9.1	159,643,417	150,548,630
Long-Term Diminishing Musharaka	9.2	23,606,348	24,827,900
		<u>183,249,765</u>	<u>175,376,530</u>
Less: Current maturity shown under current liabilities		(29,210,715)	(23,638,341)
		<u><u>154,039,050</u></u>	<u><u>151,738,189</u></u>

9.1 Details about these facilities have been disclosed in note 22 to the annual consolidated financial statements for the year ended June 30, 2022.

9.2 Details about these facilities have been disclosed in note 21 to the annual consolidated financial statements for the year ended June 30, 2022.

	(Un-Audited) December 31, 2022	(Audited) June 30, 2022
	----- (Rupees in '000) -----	
10. TRADE AND OTHER PAYABLES		
Trade creditors		
Power purchases	358,470,062	306,689,269
Fuel and gas	43,931,072	49,490,805
Others	16,694,913	22,891,168
	<u>419,096,047</u>	<u>379,071,242</u>
Accrued expenses	5,868,036	5,658,538
Contract liabilities		
Energy	1,162,855	1,375,167
Others	2,623,341	3,796,116
	3,786,196	5,171,283
Other liabilities	51,724,727	49,422,738
	<u>480,475,006</u>	<u>439,323,801</u>

11. TAXATION - NET

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

		(Un-Audited) December 31, 2022	(Audited) June 30, 2022
		----- (Rupees in '000) -----	
12. SHORT-TERM BORROWINGS	Note		
Secured:			
From banking companies:			
Bills payable	12.1	34,524,326	34,813,883
Short-term running finances	12.1	50,566,741	44,721,569
Privately placed sukuks	12.2	6,647,972	-
		<u>91,739,040</u>	<u>79,535,452</u>
Unsecured:			
From others:			
Privately placed sukuks	12.3	30,000,000	28,000,000
		<u>121,739,040</u>	<u>107,535,452</u>

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

12.2 During the period, KE has issued a distinct privately placed and secured Sukuk certificate, amounting to Rs. 6.7 billion (issue size). These carry profit at 3 months KIBOR + 1.70% per annum.

12.3 These include six distinct privately placed and unsecured Sukuk certificates of 6 months' tenor amounting to Rs. 30 billion (issue size) in aggregate maturing from February 10, 2023 to June 13, 2023. These carry profit at 6 month KIBOR + 1.35% to 1.45% per annum.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 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 condensed interim 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 December 31, 2022, the MoF has released KE's tariff differential claims aggregating Rs. 489,720 million (June 30, 2022: Rs. 465,891 million) directly to NTDC / CPPA. Additionally, KE has also directly paid Rs. 67,167 million up to December 31, 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 December 31, 2022 amounts to Rs. 146,697 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) on Indigenous gas through its monthly invoices upto December 31, 2022 aggregates to Rs. 137,902 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 initiated 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 (GoS). 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 May 2, 2018, order dated April 17, 2018 and June 13, 2018 of the Honorable Sindh High Court, 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 conveyed this situation to Ministry of Energy (Power Division) and other relevant authorities and had requested for immediate steps to release Tariff Differential Subsidy (TDS) claims of KE 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. 1,967 million upto December 31, 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 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.

A high level Task Force has been constituted by the Honorable Prime Minister of Pakistan to resolve issues faced by KE including historic disputes around receivables and payables with Government entities and departments, along with implementation of a mechanism to prevent such disputes from arising in the future. 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 abundant 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.

- 13.1.2** The Government of Pakistan promulgated GIDC Act 2011, GIDC Ordinance 2014 and GIDC Act 2015 for collection of Gas Infrastructure Development Cess (GIDC) from gas consumers (both power sector and industrial sector) other than domestic consumers. Single bench of the High Court of Sindh through its judgment (by consolidating all similar cases) dated October 26, 2016 held the GIDC Act 2011, GIDC Ordinance 2014 and GIDC Act 2015 to be ultra vires and un-constitutional and held that the amounts collected in pursuance of the above laws are liable to be refunded / adjusted in the future bills, therefore all amounts previously paid by KE to SSGC amounting to Rs. 4,672 million, in respect of GIDC, became immediately due and recoverable from SSGC.

Subsequently, GoP filed an appeal before the divisional bench of the High Court of Sindh challenging the above judgment (in respect of few other parties), whereby the decision of the single bench was suspended by the divisional bench of the High Court of Sindh on November 10, 2016. During the year ended June 30, 2020, High Court of Peshawar ruled that the GIDC Act 2015 was constitutional. Aggrieved parties filed an appeal before the Supreme Court of Pakistan to challenge the decision of the High Court of Peshawar. KE was impleaded as a party in the said appeal on the basis of its Intervenor Application.

The Supreme Court of Pakistan vide its decision dated August 13, 2020, has dismissed all the petitions and related appeals in matter of GIDC and declared GIDC Act 2015 to be valid, being within the legislative competence of the parliament. Further, as per this decision, the companies responsible to collect GIDC under the GIDC Act 2015 were directed to recover all arrears of GIDC due but not recovered upto July 31, 2020, in 24 equal monthly installments starting from August 1, 2020 without the component of late payment surcharge. KE filed a review petition and the SCP dismissed the review petition through its order dated November 2, 2020, however, installments for payment of GIDC arrears have been increased to 48 from 24.

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

KE, based on the views of its legal counsel, is of the opinion that KE in its suit before the HCS has raised substantive grounds and has fairly reasonable prospects of success if the courts accepts the abovementioned interpretation / grounds. It has been contended that in the presence of a valid Decree passed by the HCS, no GIDC can be imposed during the time such Decree is in the field. Accordingly, no liability and the related receivable amounting to approximately Rs. 35,822 million respectively in respect of GIDC has been recognized in these consolidated condensed interim financial statements. However, if the eventual outcome of the suit filed before the HCS results in any amount payable by KE on account of GIDC, it will be ultimately recovered through the MYT as a pass-through item.

13.1.3 There has been no significant change in the status of contingencies as disclosed in notes 33.1.2 to 33.1.4 and note 33.1.6 of the annual consolidated financial statement for the year ended June 30, 2022.

13.2 Claims not acknowledged as debts

13.2.1 Claims not acknowledged as debts as disclosed in notes 33.2 of the annual consolidated financial statements for the year ended June 30, 2022 remained unchanged except mentioned below:

	(Un-Audited)	(Audited)
	December 31,	June 30,
	2022	2022
	----- (Rupees in '000) -----	
13.2.2 Outstanding dues of property tax, water charges, custom duty, ground rent and occupancy value	<u>9,845,659</u>	<u>8,986,844</u>
13.3 Commitments		
13.3.1 Guarantees issued on behalf of the Company (note 13.3.7)	<u>6,234,509</u>	<u>6,134,039</u>
13.3.2 Transmission projects	<u>25,481,895</u>	<u>26,128,344</u>
13.3.3 BQPS III 900 MW combined cycle power plant and associated transmission project	<u>22,355,044</u>	<u>21,068,317</u>
13.3.4 Outstanding letters of credit	<u>9,700,562</u>	<u>10,305,045</u>
13.3.5 Dividend on preference shares	<u>1,119,453</u>	<u>1,119,453</u>

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.

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

	(Un-Audited) December 31, 2022	(Audited) June 30, 2022
	----- (Rupees in '000) -----	
- Not later than one year	559,001	425,062
- Later than one year and not later than five years	972,217	638,515

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

13.3.7 This includes guarantees amounting to Rs. 6 billion called off by the supplier on account of non-payment of outstanding dues by KE, however, KE has obtained a stay order from the High Court of Sindh in this regard.

	Note	(Un-Audited) Half Year Ended		(Un-Audited) Quarter Ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
14. NET REVENUE					
Gross revenue	14.1	222,380,662	192,088,280	98,392,020	84,214,121
Sales tax		(44,789,085)	(32,302,417)	(18,227,061)	(16,400,548)
Other taxes		(14,496,186)	(10,102,705)	(5,683,283)	(5,083,966)
Net revenue	14.2	<u>163,095,391</u>	<u>149,683,158</u>	<u>74,481,676</u>	<u>62,729,607</u>

14.1 Gross revenue is net-off an amount of Rs. 3,220 million (December 31, 2021: Rs. 1,288 million) representing invoices raised during the period for energy consumed, however, these invoices are considered non-recoverable.

	Note	(Un-Audited) Half Year Ended		(Un-Audited) Quarter Ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
14.2 Net revenue comprises of:					
Residential	14.2.1	84,428,408	58,158,189	37,416,513	21,859,985
Commercial	14.2.1	35,435,114	25,732,238	17,111,226	12,021,849
Industrial	14.2.1	78,405,287	58,401,248	39,453,014	29,910,184
Fuel surcharge adjustment	14.2.2	(36,288,012)	6,666,955	(20,206,916)	(1,435,914)
Others		1,114,594	724,528	707,839	373,503
		<u>163,095,391</u>	<u>149,683,158</u>	<u>74,481,676</u>	<u>62,729,607</u>

14.2.1 The above includes net cycle day impact amounting to Rs. 988 million (December 31, 2021: Rs. 5,773 million) reduction in revenue.

14.2.2 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.

15. TARIFF ADJUSTMENT

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

15.2 Includes Rs. 8,236 million comprising dues of 40,616 consumers (December 31, 2022: Rs 5,636 million comprising dues of 35,451 consumers) recognised during the half year ended December 31, 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.

	(Un-Audited) Half Year Ended		(Un-Audited) Quarter Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	

16. PURCHASE OF ELECTRICITY

CPPA / NTDC	75,005,341	63,306,463	35,343,444	34,225,961
Independent Power Producers / other power purchase sources	36,581,616	26,087,724	15,399,513	12,438,873
Karachi Nuclear Power Plant (KANUPP)	-	852,135	-	-
	<u>111,586,957</u>	<u>90,246,322</u>	<u>50,742,957</u>	<u>46,664,834</u>

17. CONSUMPTION OF FUEL AND OIL

Natural gas / RLNG	58,107,168	57,577,514	24,102,790	26,619,681
Furnace and other fuel / oil	61,416,823	21,749,267	18,031,908	6,146,444
High speed diesel (HSD)	1,701,266	2,023,654	560,809	973,359
	<u>121,225,257</u>	<u>81,350,435</u>	<u>42,695,507</u>	<u>33,739,484</u>

18. OTHER OPERATING EXPENSES

Exchange loss / (gain) - net	2,169,286	2,570,815	(1,866,127)	1,118,492
Workers' profits participation fund	-	273,650	-	63,045
Interest on consumer deposits	-	258,060	-	131,056
Donations	21,648	27,720	5,536	9,201
Listing fee	7,108	2,927	3,137	1,516
Others	423,996	-	189,720	357
	<u>2,622,038</u>	<u>3,133,172</u>	<u>(1,667,734)</u>	<u>1,323,667</u>

19. FINANCE COST

Mark-up / interest on:				
- Long term financing	4,577,810	2,437,768	2,307,760	1,014,978
- Short-term borrowings	4,816,435	2,534,455	2,266,441	1,554,404
	<u>9,394,245</u>	<u>4,972,223</u>	<u>4,574,201</u>	<u>2,569,382</u>
Late payment surcharge on delayed payment to creditors	112,997	6,573	-	5,573
Bank charges, guarantee commission, commitment fee and other service charges	313,589	201,552	165,367	97,180
Mark-up on lease liabilities	10,308	8,041	4,616	3,939
Letters of credit discounting charges	2,876,496	1,132,218	1,548,194	656,474
	<u>12,707,635</u>	<u>6,320,607</u>	<u>6,292,378</u>	<u>3,332,548</u>

	Note	(Un-Audited)	
		December 31, 2022	December 31, 2021
		----- (Rupees in '000) -----	
20. CASH AND CASH EQUIVALENTS			
Cash and bank balances		4,136,355	1,216,721
Short-term running finances	12	(50,566,742)	(35,084,287)
		<u>(46,430,387)</u>	<u>(33,867,566)</u>

21. 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:

21.1 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)	
		December 31, 2022	December 31, 2021
		----- (Rupees in '000) -----	
CPPA / NTDC	Power purchases	<u>75,005,341</u>	<u>63,306,463</u>
Pakistan State Oil Company Limited	Purchase of furnace oil / HSD & other lubricants	<u>60,748,419</u>	<u>24,705,165</u>
Sui Southern Gas Company Limited	Purchase of gas	<u>38,513,814</u>	<u>57,577,514</u>
Pakistan LNG Limited	Purchase of gas	<u>19,593,354</u>	<u>-</u>
21.2 Hascol Petroleum Limited (note 21.6)	Purchase of furnace oil	<u>-</u>	<u>1,942,418</u>
21.3 Key management personnel	Managerial remuneration	<u>371,031</u>	<u>308,310</u>
	Other allowances and benefits	<u>133,307</u>	<u>159,934</u>
	Retirement benefits	<u>67,573</u>	<u>30,883</u>
	Leave encashment	<u>3,491</u>	<u>1,436</u>
21.4 Provident fund	Contribution to provident fund	<u>622,716</u>	<u>570,740</u>
21.5 Gratuity fund	Contribution to gratuity fund	<u>181,522</u>	<u>696,791</u>

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

22. 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.

(Un-Audited) December 31, 2022												
	Generation		Transmission		Distribution		Un-allocated		Eliminations		Total	
	Half Year Ended December 31, 2022	Quarter Ended December 31, 2022	Half Year Ended December 31, 2022	Quarter Ended December 31, 2022	Half Year Ended December 31, 2022	Quarter Ended December 31, 2022	Half Year Ended December 31, 2022	Quarter Ended December 31, 2022	Half Year Ended December 31, 2022	Quarter Ended December 31, 2022	Half Year Ended December 31, 2022	Quarter Ended December 31, 2022
(Rupees in million)												
Segment revenue	-	-	-	-	265,635	111,101	80	30	-	-	265,715	111,131
Inter-segment revenue	143,604	54,706	9,247	2,299	-	-	-	-	(152,851)	(57,005)	-	-
Total revenue	143,604	54,706	9,247	2,299	265,635	111,101	80	30	(152,851)	(57,005)	265,715	111,131
Purchase of electricity /												
Consumption of fuel and oil / others	(121,225)	(42,695)	-	-	(264,438)	(107,748)	(68)	(29)	152,851	57,005	(232,880)	(93,467)
Contribution Margin	22,379	12,011	9,247	2,299	1,197	3,353	12	1	-	-	32,835	17,664
O&M expenses	(2,818)	(1,432)	(2,398)	(1,140)	(12,732)	(6,480)	(79)	(40)	-	-	(18,027)	(9,092)
Other operating expenses	(1,177)	2,201	(1,045)	(366)	(400)	(167)	-	-	-	-	(2,622)	1,668
Other income	224	158	337	177	5,412	2,402	4	3	-	-	5,977	2,740
Impairment loss against trade debts	-	-	-	-	(18,095)	(10,199)	-	-	-	-	(18,095)	(10,199)
EBITDA	18,608	12,938	6,141	970	(24,618)	(11,091)	(63)	(36)	-	-	68	2,781
Depreciation and amortisation	(6,846)	(3,383)	(1,961)	(955)	(3,506)	(1,869)	(3)	(2)	-	-	(12,316)	(6,209)
EBIT	11,762	9,555	4,180	15	(28,124)	(12,960)	(66)	(38)	-	-	(12,248)	(3,428)
Finance cost	(3,723)	(1,694)	(2,794)	(1,091)	(6,190)	(3,507)	(1)	(1)	-	-	(12,708)	(6,293)
Profit / (Loss) before taxation	8,039	7,861	1,386	(1,076)	(34,314)	(16,467)	(67)	(39)	-	-	(24,956)	(9,721)
Taxation - Current	(1,159)	(509)	(75)	(24)	(910)	(482)	18	19	-	-	(2,126)	(996)
Taxation - Deferred	-	-	-	-	-	-	-	(12)	-	-	-	(12)
Profit / (loss) for the period	6,880	7,352	1,311	(1,100)	(35,224)	(16,949)	(49)	(32)	-	-	(27,082)	(10,729)

(Un-Audited) December 31, 2021												
	Generation		Transmission		Distribution		Un-allocated		Eliminations		Total	
	Half Year Ended December 31, 2021	Quarter Ended December 31, 2021	Half Year Ended December 31, 2021	Quarter Ended December 31, 2021	Half Year Ended December 31, 2021	Quarter Ended December 31, 2021	Half Year Ended December 31, 2021	Quarter Ended December 31, 2021	Half Year Ended December 31, 2021	Quarter Ended December 31, 2021	Half Year Ended December 31, 2021	Quarter Ended December 31, 2021
(Rupees in million)												
Segment revenue	-	-	-	-	217,354	103,215	115	32	-	-	217,469	103,247
Inter-segment revenue	98,399	40,653	12,569	5,215	-	-	-	-	(110,968)	(45,868)	-	-
Total revenue	98,399	40,653	12,569	5,215	217,354	103,215	115	32	(110,968)	(45,868)	217,469	103,247
Purchase of electricity /												
Consumption of fuel and oil	(81,350)	(33,740)	-	-	(201,215)	(92,533)	(106)	(28)	110,968	45,868	(171,703)	(80,433)
Contribution Margin	17,049	6,913	12,569	5,215	16,139	10,682	9	4	-	-	45,766	22,814
O&M expenses	(3,054)	(1,416)	(2,696)	(1,408)	(10,517)	(5,113)	(40)	(19)	-	-	(16,307)	(7,956)
Other operating expenses	(1,366)	(68)	(1,533)	(1,201)	(234)	(55)	-	-	-	-	(3,133)	(1,324)
Other income	(279)	(314)	222	(47)	4,236	1,655	2	1	-	-	4,181	1,295
Impairment loss against trade debts	-	-	-	-	(9,278)	(5,423)	-	-	-	-	(9,278)	(5,423)
EBITDA	12,350	5,115	8,562	2,559	346	1,746	(29)	(14)	-	-	21,229	9,406
Depreciation and amortisation	(5,076)	(2,328)	(2,254)	(1,340)	(2,409)	(1,222)	(3)	(2)	-	-	(9,742)	(4,892)
EBIT	7,274	2,787	6,308	1,219	(2,063)	524	(32)	(16)	-	-	11,487	4,514
Finance cost	(1,977)	(863)	(1,411)	(712)	(2,932)	(1,757)	(1)	-	-	-	(6,321)	(3,332)
Profit / (Loss) before taxation	5,297	1,924	4,897	507	(4,995)	(1,233)	(33)	(16)	-	-	5,166	1,182
Taxation - Current	(979)	(501)	(906)	(285)	-	-	-	-	-	-	(1,885)	(786)
Taxation - Deferred	-	-	-	-	-	-	-	-	-	-	-	-
Profit / (loss) for the period	4,318	1,423	3,991	222	(4,995)	(1,233)	(33)	(16)	-	-	3,281	396

	<u>(Un-Audited)</u>	<u>(Audited)</u>
	<u>December 31,</u>	<u>June 30,</u>
	<u>2022</u>	<u>2022</u>
	----- (Rupees in million) -----	
Assets		
Generation	271,164	257,243
Transmission	147,213	142,794
Distribution	651,714	618,783
Un-allocated	33,325	41,308
	<u>1,103,416</u>	<u>1,060,128</u>
Liabilities		
Generation	219,260	201,613
Transmission	76,359	66,930
Distribution	540,255	491,913
Un-allocated	44,524	49,500
	<u>880,398</u>	<u>809,956</u>

23. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

23.1 Financial risk factors

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

There have been no changes in the financial risk management policies of the Group 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.

23.2 Financial risk factors

Financial assets measured at fair value through profit or loss

	<u>(Un-Audited)</u>	<u>(Audited)</u>
	<u>December 31,</u>	<u>June 30,</u>
	<u>2022</u>	<u>2022</u>
	----- (Rupees in '000) -----	
Derivative financial assets	<u>12,937,708</u>	<u>8,033,631</u>

23.2.1 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.

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

23.2.3 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).

23.3 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.

24. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for better presentation. Following major balances have been clubbed in these consolidated condensed interim financial statements which were presented separately in the annual audited consolidated financial statement for the year ended June 30, 2022.

(Un-Audited)											
FSLs in annual audited consolidated financial statements for the year ended June 30, 2022	Note	December 31, 2022		June 30, 2022		FSLs in consolidated condensed interim financial statements for the half year ended December 31, 2022	Note	December 31, 2022		June 30, 2022	
		— (Rupees in '000) —						— (Rupees in '000) —			
Long-term loans	9	10,864	11,899			Long-term loans and deposits	N/A	23,981	26,499		
Long-term deposits	10	13,117	14,600								
Long-term diminishing musharaka	21	21,077,900	21,077,900			Long-term financing	9	154,039,050	151,738,189		
Long-term financing	22	130,660,289	130,660,289								
Current maturity of long-term diminishing musharaka	21	3,750,000	3,750,000			Current maturity of long-term financing	9	29,210,715	23,638,341		
Current maturity of long-term financing	22	19,888,341	19,888,341								

25. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on 27 February 2023 by the Board of Directors of KE.

26. GENERAL

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


Chief Executive Officer


Director


Chief Financial Officer

(A)

کے۔ الیکٹرک لمیٹڈ

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے، ہم انتہائی مسرت کے ساتھ 31 دسمبر 2022 کو ختم ہونے والی ششماہی کے حوالے سے غیر آڈٹ شدہ مختصر عبوری مالی گوشوارے کے ساتھ ڈائریکٹرز رپورٹ پیش کر رہے ہیں۔

کلیدی آپریشنل اور مالی نتائج کا خلاصہ درج ذیل ہے:

جولائی - دسمبر 2021	جولائی - دسمبر 2022
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(یونٹس GWh میں)

4,047	3,576
5,995	5,895
10,042	9,471
8,732	8,276
13.0%	12.6%

عملی (آپریشنل)

پیداواری یونٹس (نیٹ آف آکسلییری)
 خریدے گئے یونٹس کی تعداد
 ڈسٹری بیوشن کے لئے دستیاب کل یونٹس (بھیجے گئے)
 بل کردہ یونٹس
 ٹرانسمیشن اور ڈسٹری بیوشن کے نقصانات %

(ملین پاکستانی روپے)

217,354	265,635
33,182	18,633
11,519	(12,182)
5,199	(24,889)
(1,885)	(2,144)
3,314	(27,033)
0.12	(0.98)

مالیاتی

آمدنی

کل منافع

مالی لاگت سے پہلے (نقصان)/منافع

ٹیکسیشن سے پہلے (نقصان)/منافع

ٹیکس - خالص

کل (نقصان)/آمدت کے لیے منافع

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

مالی جائزہ

مشکل سماجی، سیاسی اور میکرو اکنامک عوامل بشمول بڑھتی ہوئی افراط زر، پالیسی کی شرح میں اضافہ اور اقتصادی سرگرمیوں میں کمی نے اس مدت کے دوران کمپنی کی کارکردگی پر منفی اثرات مرتب کیے ہیں۔ ان چیلنجز کے اثرات کے باعث، کمپنی کے بھیجے گئے یونٹس میں 5.7% کی کمی دیکھی گئی اور کمپنی کے مجموعی منافع میں 14.5 بلین روپے کی نمایاں کمی واقع ہوئی ہے۔ کمپنی ریگولیشن کے تحت کام انجام دیتی ہے اور موجودہ ملٹی ایئر ٹیرف کے مطابق یکم جولائی 2016 سے مؤثر ہے۔ بھیجے گئے اور پالیسی ریٹ میں تبدیلی کے عوض کمپنی کو ٹیرف میں کوئی ایڈجسٹمنٹ فراہم نہیں کی جاتی ہے۔

اس عرصے کے دوران، تیزی سے بڑھتی مہنگائی، صارفین کے ٹیرف میں اضافے اور بگڑتے ہوئے معاشی حالات نے صارفین کی ادائیگی کے رجحان کو نمایاں طور پر متاثر کیا ہے جس کی عکاسی اس دوران مشکوک قرضوں کے مقابلے میں 8.8 بلین روپے کے بڑھے ہوئے نقصان سے ہوتی ہے۔ مزید برآں، قرض لینے کی مؤثر شرح میں 9.4% سے 17% تک اضافے سے مالیاتی لاگت چارج میں اس مدت کے دوران 6.4 بلین روپے کا انتہائی اضافہ ہوا ہے۔ ان تمام عوامل کو یکجا کر کے ٹیکس کے بعد 27.0 بلین روپے کا نقصان ہوا ہے۔

کے ای چیلنجز سے نمٹنے کے لیے پُر عزم ہے اور مزید آپریشنل بہتریوں پر بڑے پیمانے پر توجہ مرکوز کر رہا ہے جیسا کہ متعلقہ کاروباری سیکشن میں تفصیل سے درج ہے اور یکم جولائی 2023 سے شروع ہونے والی اگلی کنٹرول مدت کے لیے ٹیرف کی تجدید کے لیے سرگرمی سے مصروف عمل ہے۔ جس کا مقصد پاور سیکٹر کے دیگر اداروں کے مساوی مضبوط ایڈجسٹمنٹ میکانزم کے ساتھ ایک پائیدار لاگت کی عکاسی کرنے والا ٹیرف اور صارفین کو کم از کم ممکنہ قیمتوں پر قابل اعتماد اور ہموار سروس کے تسلسل کو یقینی بنانا ہے۔

اہم معاملات پر اپ ڈیٹ:

جنریشن

کے ای کے سب سے بڑے اور سب سے زیادہ مؤثر کمبائنڈ سائیکل پاور پلانٹ (BQPS 3) نے 30 دسمبر 2022 کو 900 میگا واٹ کامیابی سے گڑ میں بھیج دیئے ہیں۔ آنے والی مدت کے لیے اہم سنگ میل طے کیے گئے ہیں جس میں ریگولیشن کی طرف سے تصدیق کیے والے یونٹس کے گارینڈ پر فارمنس ٹیسٹ (ٹیسٹس) شامل ہیں۔ دونوں یونٹس کا متوقع کمرشل آپریشن مالی سال کی تیسری سہ ماہی میں ہے۔

مزید برآں، BQPS-I میں، یونٹ 1 اور یونٹ 2 کی سالانہ مینٹینینس کی گئی جس میں بوائلر ٹیوب کی تبدیلی اور مین کولنگ واٹر پمپ کی اوور ہالنگ جیسی اہم سرگرمیاں شامل تھیں۔ اس کے علاوہ، آنے والے موسم گرما میں متوقع طلب کے پیش نظر، یونٹ سے مکمل لوڈ کی دستیابی کے لیے یونٹ 5 کے فورسڈ ڈرافٹ فین کو انجام دیا گیا۔

ٹرانسمیشن

روز افزوں طلب کے باعث صارفین کو قابل اعتماد بجلی کی فراہمی کے اپنے وژن کے مطابق، کے ای نیٹ ورک میں اضافے اور بحالی کے مطلوبہ کاموں کے ذریعے اپنے ٹرانسمیشن سسٹم کی بھروسہ مندی اور استحکام کو برقرار رکھنے اور بہتر بنانے کے لیے مسلسل کام کر رہا ہے۔

مالی سال 2023 کی ششماہی کے اختتام تک، کے ای نے آغا خان اور نیو لائڈھی گروڈز پر نئے پاور ٹرانسفارمرز کے اضافے کے ساتھ اپنی ٹرانسمیشن کی صلاحیت کو 100MVA تک بڑھا دیا۔ اسکے ساتھ موجودہ گروڈز کی کل ٹرانسفارمیشن صلاحیت 6,903 MVAs تک جا پہنچی ہے۔ علاوہ ازیں، ایک نئی 132kV سائٹ - ہارون آباد سمرکٹ - II کو متحرک کیا گیا ہے، جو سسٹم کی بھروسہ مندی کو مستحکم کرتا ہے۔ مزید برآں، ٹرانسمیشن لائنوں کی ری کنڈکٹنگ اور انسولیشن کی آرٹھی وی کوٹنگ سمیت منصوبوں پر کام جاری ہے جس کا مقصد سسٹم کی بھروسہ مندی کو مزید بہتر بنانا ہے۔ اس کے علاوہ، KKI گروڈ (KE کا پہلا 500 kV فلیگ شپ انٹر کنیکٹنگ اینڈ لوڈ گروڈ) کی تعمیر، 20% کی مجموعی پیشرفت کے ساتھ زور و شور سے جاری ہے۔ اسی طرح نئے 220 kV دھابھی انٹر کنکشن کا تعمیراتی کام بھی اگلے دو ماہ میں پری کمیشننگ سنگ میل کے قریب پہنچ رہا ہے۔ مزید برآں، NTDC کے دائرہ کار کے کنٹریکٹ کا تجارتی جائزہ KKI 500kV اور 220kV دھابھی انٹر کنکشن دونوں کے لیے جاری ہے۔

علاوہ ازیں، BQPS-III پروجیکٹ کے تحت، ٹرانسمیشن نیٹ ورک کی اپ گریڈیشن کا عمل جاری ہے جس میں دو اہم لوڈ گروڈز اور دو جنریشن انٹر کنکشن گروڈ اسٹیشنز میں وسعت شامل ہے۔ ایک لوڈ گروڈ (نیو لائڈھی) کو انز جاڑڈ کیا گیا ہے جس نے نئے صنعتی لوڈ کی افزائش میں اپنے حصہ کی شمولیت کا آغاز کر دیا ہے۔ ایمبیڈڈ جنریشن کو باہم مربوط کرنے اور نیٹ ورک کی کارکردگی کو بہتر بنانے کے لیے KTPS میں نیا انٹر کنکشن (220kV سسٹم کے بجائے) 132kV پر KCCP کی بجلی کا انخلاء کرے گا۔

سسٹم کی بھروسہ مندی اور استحکام کو مزید تقویت دینے کے لیے ہدفی سرمایہ کاری کے مقصد کے پیش نظر، مالی سال 2024 سے مالی سال 2030 کے لیے ایک تفصیلی اور مضبوط ٹرانسمیشن سسٹم کا توسیعی منصوبہ تیار کیا گیا ہے۔ جس کی توثیق ایک انڈیپینڈنٹ سینٹ تھرڈ پارٹی کنسلٹنٹ نے بھی کی ہے۔ توسیعی منصوبہ NEPRA کو جائزے اور منظوری کے لیے پیش کیا گیا ہے۔

ڈسٹری بیوشن

کے ای کا مقصد ڈسٹری بیوشن کی نیٹ ورک، تیلتھ کو بہتر بنانا اور نقصانات میں کمی کے مقصد کو برقرار رکھنا ہے۔ کے ای نے مالی سال 2023 کی پہلی ششماہی کے دوران 12.6% کے T&D نقصانات کو رپورٹ کیا۔ پچھلے سال کی اسی مدت کے مقابلے میں 0.4% پوائنٹس کی بہتر ہوئی۔ کے ای ڈسٹری بیوشن کے فلیگ شپ پروجیکٹ سر بلندی کی کامیابی کے بعد، ڈسٹری بیوشن موجودہ مالی سال میں گورننس کی حکمت عملی کے ذریعے ماضی میں کی گئی سرمایہ کاری کے ثمرات سے مستفید ہونے کے لیے کام کر رہا ہے۔ مزید یہ کہ نقصان میں کمی اور بحالی کی بہتری کے اقدامات کے حصے کے طور پر، کے ای نے مالی سال کی پہلی ششماہی کے دوران کم رجحان/مناسبت والے علاقوں میں تقریباً 15,000 کم لاگت والے میٹرز اور 35,000 اضافی میٹر کی تنصیب کی ہے۔

ریویو کی مدت کے دوران، کمپنی کو بنیادی طور پر صارفین ٹیرف اور فیول کی لاگت میں ایڈجسٹمنٹ کے ضمن میں نمایاں اضافے کی وجہ سے بحالی میں متعدد چیلنجز کا سامنا کرنا رہا۔ جس نے صارفین کی ادائیگی کے رجحان کو منفی اثرات مرتب کیے، نتیجتاً وصولی کا تناسب 91.8% تک گر گیا جب کہ گزشتہ سال اسی مدت کے دوران 94.4% رپورٹ کیا گیا تھا۔ تاہم، کمپنی "بہم قدم - ریکوری پلان" نامی اسکیم کے تحت اپنے صارفین کے لیے آسان قسطوں کی ادائیگی کی حامل متعارف کروا کر وصولیوں کو بہتر بنانے کے لیے اپنے اقدامات میں ثابت قدم ہے۔ کمپنی بڑے پیمانے پر کنکشن منقطع کرنے، بجلی کے غیر قانونی اخراج کو روکنے، چوری کی روک تھام اور ضرورت پڑنے پر میٹروں کی بحالی اور تنصیب کی کامیاب تکمیل پر مسلسل توجہ دے رہی ہے۔ اب تک، 200,000 سے زائد صارفین کو دائرے لایا جا چکا ہے اور 40,000 کلوگرام سے زائد غیر قانونی کنکشن

ڈیجیٹل ادائیگیاں اور شرائط

کے ای نے ادائیگیوں اور ریکوری کے آسان طریقوں کی فراہمی کے ذریعے اپنے صارفین کو بااختیار بنانے کا اپنا منفرد سفر جاری رکھا ہے۔ اس عرصے کے دوران، کے ای نے صارفین کی ادائیگی کے تجربے کو بڑھانے کے لیے Fintechs اور بینکنگ اداروں کے ساتھ شراکت داری کے ذریعے اپنے ادائیگی کے نیٹ ورک کو وسعت دی ہے۔ کے ای نے بینک الفلاح اور HBL کے تعاون سے کے ای کے پندرہ ریکوری افسران کو ڈیجیٹل طور پر بااختیار بنایا ہے تاکہ وہ صارفین کے گھروں پر جا کر بل کی ادائیگیاں جمع کر سکیں۔ ابھی تک، 15 ایجنٹس کو اس ضمن میں مزید توسیع کے ساتھ بل کی ادائیگیاں جمع کرنے کا اختیار دیا گیا ہے۔ اس اقدام سے 16,000 سے زیادہ صارفین کی ادائیگیوں پر کارروائی کرتے ہوئے 100 ملین روپے سے زیادہ کی ریکوری عمل میں آئی ہے۔

کے ای نے مختلف مالیاتی اداروں کے ساتھ بل کر بل فنڈنگ اور بی این پی ایل (خریداری ابھی، ادائیگی بعد میں) مہم شروع کی۔ کے ای نے ماہانہ اقساط کے منصوبے پیش کرنے کے لیے فیصل بینک کے ساتھ شراکت داری بھی کی ہے، جبکہ JS بینک، UBL اور Savyour نے اپنے متعلقہ پلیٹ فارمز کا استعمال کرتے ہوئے بل کی ادائیگی پر رعایت کی پیشکش کی ہے۔ اقدام کے ای کے صارفین کے لیے دستیاب ڈیجیٹل بیہنٹ چینلز کے فروغ میں مددگار ہے۔

حفاظت اور سلامتی

اپنے نیٹ ورک کی بھرپور مندی اور تحفظ کو مستحکم کرنے کے عزم کے ایک حصے کے طور پر، کے ای بیجمنٹ نے ماحولیات، کام کے حالات کا جائزہ لینے اور یہ جانچنے کے لیے کہ آیا عملہ کمپنی کی جانب سے تمام حفاظتی اقدامات کی تعمیل کو یقینی بناتا ہے، مختلف مقامات پر حفاظتی آڈٹ کے عمل کو جاری رکھا۔

تمام DISCOs میں حفاظتی کلچر کے فروغ اور کے ای میں مروجہ بہترین طریقوں کو اجاگر کرنے کے لیے، کے ای نے NEPRA کے تعاون سے "Transmission and Distribution Protection and safety" اور "Isolation and Permit to Work (PTW)" کے موضوع پر دو ویبینارز کا انعقاد کیا۔ صنعتی صارفین کے لیے ایک الیکٹریکل سیفٹی سیشن کا انعقاد کیا گیا جہاں شرکاء کو کام کی جگہ کے حفاظتی پروٹوکول کے بارے میں تعلیم دی گئی تاکہ صفر حفاظتی خطرات کو یقینی بنایا جاسکے۔

NEPRA سیفٹی ایوارڈ کی تقریب میں، کے ای کو 2022 کے لیے NEPRA PSC کی کارکردگی کے معیار کے تحت اپنے متعلقہ دائرہ اختیار میں اعلیٰ ترین حفاظتی کارکردگی کو برقرار رکھنے اور حادثات کی روک تھام کے لیے کی گئی عملی کوششوں پر سراہا گیا۔

تکنیکی اقدامات

مالی سال 2023 کی پہلی ششماہی میں، کے ای نے ایک تکنیکی "قابل اعتماد اور پائیداری پروجیکٹ" شروع کیا۔ اس پروجیکٹ کا مقصد نیٹ ورک اور ٹیموں کو ضروری مہارتوں کے حوالے سے تیار کرنا ہے تاکہ وہ ہمیشہ بدی تکنیکی پیشرفت کا مقابلہ کر سکیں۔

کے ای نے ٹرانسفارمر اور سوئچ گیس ورکشاپ کی پروڈکشن اور طریقہ کار کی افادیت میں اضافے اور انوینٹری کی سطح کو بہتر بنانے کے لیے لین پروسیس مینوفیکچرنگ کو لاگو کیا۔ کے ای نے ٹرانسفارمرز کی فعال و مسلسل دیکھ بھال جاری رکھی اور نصف سال میں 202 ٹرانسفارمرز کو مختلف صلاحیتوں کی سائنٹس پر کارآمد رکھا۔

کے ای نے اسمارٹ میٹرنگ ڈیٹا کا استعمال کرتے ہوئے ممکنہ فیئلڈ انسٹالیشن کے مسائل کو اجاگر کرنے کے لیے گرڈ پیرامیٹرز یعنی کرنٹ، وولٹیج اور پاور فیکٹرز کی نگرانی کے لیے اس سال "ڈیٹا ڈرائیون میٹر انسٹالیشن کو الٹی KPI" متعارف کرایا۔ دیکھنے کی بہتر صلاحیت اور فیئلڈ انسٹالیشن کے معیار کو زیادہ سے زیادہ کرنے کے لیے ان ہاؤس ڈیٹا کو الٹی ڈیٹا بورڈ تیار کیا گیا ہے۔ مزید برآں، "کلین بس" کا کانسپٹ متعارف کروا کر بجلی کے معیار کو مزید بڑھانے کے لیے ایک کنسلٹنٹ کے ساتھ مشترکہ رابطے کے مقام پر PQ سروے کیے گئے۔ یہ کانسپٹ کسی خاص گرڈ بس میں کم فالٹ ہونے والے فیڈرز کو دوبارہ ترتیب دیتا ہے تاکہ اس امر کو یقینی بنایا جاسکے صارفین کو بجلی میں خلل کا کم سے کم سامنا کرنا پڑے۔

کاروباری پیش رفت

کے ای کے سروس ایریا میں بجلی کی بڑھتی ہوئی طلب کو مد نظر رکھتے ہوئے، ایک مضبوط اور جراثمدانہ سرمایہ کاری کا منصوبہ تیار کیا گیا ہے جس میں مقامی وسائل کے ساتھ ساتھ قابل تجدید ذرائع (بشمول ہائیڈرو) کے استعمال پر توجہ دی گئی ہے جو کہ کم لاگت، مقامی فیول پر بننے والے بجلی کے منصوبوں کو شامل کرنے کے لیے قومی بجلی کی پالیسی کے مطابق ہے۔ تھرڈ پارٹی اسٹڈیز اور ریگولیٹری منظور یوں سے مشروط، کے ای نے مالی سال 2030 تک تقریباً 1,180 میگا واٹ (ہائیڈرو) کے ساتھ) کے قابل تجدید ذرائع سمیت 2,172 میگا واٹ کے مجموعی اضافے کا منصوبہ بنایا ہے:



قابل تجدید ذرائع کا حصہ بڑھانے کے لیے، کے ای سندھ سولر کے تحت ورلڈ بینک (WB) کے تعاون سے سندھ سولر انرجی پروجیکٹ (SSEP) کے تحت سندھ انرجی ڈیپارٹمنٹ (SED)، حکومت سندھ (GoS) کے ساتھ مسابقتی بولی کے ذریعے 350 میگا واٹ کے سولر پروجیکٹ (پروجیکٹس) پر کام کر رہا ہے۔ اس فریم ورک کے تحت، SED مسابقتی بولی کا آغاز کرے گا، اور کے ای پاور آف ٹیکر ہوگا جہاں وہ کامیاب بولی دہندہ کے ذریعے بنائے گئے SPV کے ساتھ طویل المدتی EPA میں شامل ہوگا۔ پروجیکٹ کے لیے کابینہ (حکومت سندھ) نے زمین کی منظوری دے دی ہے۔ مزید یہ کہ کنسلٹنٹس فزہیلٹی اسٹڈیز کو حتمی شکل دی جا رہی ہے۔ مزید برآں، SED نے ممکنہ بولی دہندہ گان کے لیے پری کوالیفیکیشن اہلیت کا عمل شروع کر دیا ہے۔ پروجیکٹ کی متوقع تکمیل مالی سال 2025 ہے۔

بلوچستان میں 150 میگا واٹ کے وندر اور بیلہ سولر پروجیکٹس کے حوالے سے، NEPRA نے 14 اکتوبر 2022 کو RFP پر اپنا فیصلہ جاری کیا۔ اس کے بعد، کے ای نے RFP کے فیصلے پر نظر ثانی کی درخواست دائر کی، جو اس وقت NEPRA کے پاس زیر جائزہ ہے۔ کابینہ (حکومت بلوچستان) کی جانب سے پروجیکٹ کے لیے زمین مختص و منظور کر لی گئی ہے اور مختص کرنے کے طریقہ کار کے لیے کے ای اور حکومت بلوچستان کے درمیان نتیجہ خیز گفت و شنید جاری ہے۔

کے ای نے 220 میگا واٹ کے سائٹ نیوٹرل ہائی برڈ قابل تجدید منصوبے کی زمین کاری کا آغاز بھی کر دیا ہے۔ منصوبے کے لیے RFP کو NEPRA میں جمع کرا دیا گیا ہے اور ساتھ ہی، ممکنہ بولی دہندہ گان کی پری کوالیفیکیشن اہلیت کا عمل بھی شروع کر دیا گیا ہے۔

کے ای مقامی وسائل کو شامل کر کے اپنی پیداواری لاگت کو کم کرنے کے لیے پُر عزم ہے جس میں بیس لوڈ پلانٹس کے ذریعے بجلی کا آف ٹیک بھی شامل ہے۔ فی الحال، وہیلنگ کے ذریعے مقامی کونسلے اور ہائیڈرو پرمی بجلی شامل کرنے کی کوششیں کی جا رہی ہیں۔

ہائڈل پاور کی شمولیت کے حوالے سے، کے ای 82 میگاواٹ کے Turtonas Uzghor ہائڈل پراجیکٹ (Uzghor) پر سرگرمی سے عمل پیرا ہے، جس کے لیے کے ای نے ستمبر 2022 میں پاور آف ٹیک کے لیے LOI جاری کیا۔ مزید برآں، اس کے ہائڈل پورٹ فولیو کو مزید بڑھانے کے لیے، PEDO کے ساتھ ایک مشترکہ ورکنگ گروپ تشکیل دیا گیا ہے۔ کے ای اور PEDO خریداری کے فریم ورک بشمول ٹارگٹ پروڈیکٹس کی شارٹ لسٹنگ اور اسے حتمی شکل دینے پر فعال طریقے سے کام جاری ہے۔

مزید برآں، کے ای نے 30 دسمبر 2022 کو China Three Gorges South Aisa Limited (CTGSAL) کے ساتھ ہائڈل اور قابل تجدید ذرائع کے منصوبوں کی مشترکہ ترقی کے لیے ایک سٹریٹجک لیول MOU بھی کیا ہے۔ فریم ورک کے تحت، دونوں اداروں کی طرف سے مزید ترقی کے لیے کئی مواقع کا جائزہ لیا جا رہا ہے۔

مقامی کونسل پر، کے ای تقریباً 990 میگاواٹ کے پروڈیکٹس کی ممکنہ ترقی کے حوالے سے سرکاری اور نجی اسپانسرز دونوں کے ساتھ مصروف عمل ہے۔ اس فرنٹ پر دیگر امکانات کے مابین، KE نے 20 دسمبر 2021 کو صدیق سنز انرجی لمیٹڈ (SEL) کے ساتھ تھر میں واقع اس کے 330 میگاواٹ کے مقامی کونسل سے چلنے والے پاور پروجیکٹ سے ممکنہ بجلی کے حصول کے لیے ایک مفاہمت نامے پر دستخط کیے تھے۔ SEL اس وقت حکومت اور دیگر ایجنسیوں کی جانب سے پاور پر چیز کو کے ای میں تبدیل کرنے کے لیے پروجیکٹ سے متعلق منظوریوں پر عمل پیرا ہے۔

سپلائی چین

آپریشنل وسائل کی تنظیم نو، حقوق سازی اور استحکام کے ذریعے لاگت کو بہتر بنانے کے لیے کئی اقدامات کیے گئے۔ حکمت عملی کے حامل دیگر بہترین عالمی طریقوں بشمول سپلائی چین ایکسیلنس، ایس اینڈ اوپی، کوالٹی ایشرنس اور اسٹریٹجک سورسنگ کو بھی نافذ کیا جا رہا ہے جس کے نتیجے میں KPIs کی کارکردگی بہتر ہوتی ہے۔ ذرائع کے لوکلائزیشن کے امکانات کا جائزہ لینے کے لیے مخصوص پروگرام شروع کیے گئے ہیں۔

ادارہ جاتی سماجی ذمہ داری (سی ایس آر)

مالی سال 2023 کی پہلی ششماہی میں حفاظت، فلڈ ریلیف، سماجی بہبود، کمیونٹی پر مبنی مختلف اقدامات کا افتتاح اور پائیداری و شمولیت پر تنظیموں کے ساتھ شراکت داری کی سرگرمیوں کا احاطہ کیا گیا۔ CSR محاذ پر کے ای کی کاوشوں کے اعتراف میں، کے ای نے دوسرے INEPRA CSR ایوارڈز میں سلور ایوارڈ سے نوازا گیا۔ کے ای نے سیلانی ویلفیئر سٹرنٹس 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 اور انتظامیہ نے 5.7 ملین روپے جمع کیے جس سے 1,600 خاندان مستفید ہوئے جبکہ خیمے بنانے کے لیے پینا فلکس بھی عطیہ کیے گئے۔ کے ای نے Educast کے اشتراک سے ٹیلی ہیلتھ کلینک قائم کیا جو 36,000 سیلاب متاثرین کو ٹیلی کنسلٹیشن کال سینٹرز کے ذریعے سہولت فراہم کرے گا۔

کے ای کے روشنی باجی پروجیکٹ کا دوسرا گروپ گریجویٹ کر کے فارغ التحصیل ہوا۔ روشنی باجی ایک فلگ شپ پروجیکٹ ہے جس کے تحت 60 روشنی باجیوں نے 350,000 گھرانوں کو بجلی کی حفاظت، توانائی کے تحفظ اور قانونی کنکشن رکھنے کی اہمیت سے آگاہ کیا ہے۔ روشنی باجی جن کمیونٹیز میں وہ کام کرتے ہیں ان میں تحریک اور طاقت کا ایک ذریعہ ہیں۔

مومن سون اور ہیٹ ویو سے متعلق حفاظتی پیغامات مساجد، مندروں اور گرجا گھروں کے ذریعے 40,000 سے زائد لوگوں تک پہنچائے گئے جبکہ فرنٹ لائن ورکرز کو پاکستان

ریڈ کرڈ سینڈ سوسائٹی سندھ کے تعاون سے مومن سون سیفیٹ اور سی پی آر پربیت دی گئی۔

کے ای نے LRBT کے تعاون سے 2500 مربیوں کی سہولت کے لیے 7 ہیلتھ کیس کا انعقاد کیا۔ کے ای نے سیلانی ویلفیئر ٹرسٹ کے اشتراک سے بلدیہ (مواچھ گوٹھ)، لیاری، بن قاسم اور بروہی محلہ میں 4 واٹر فلٹریشن پلانٹس کا افتتاح کیا، جس سے سالانہ 40,000 سے زائد افراد فیض یاب ہوتے ہیں۔

کے ای کا اخوت ریولونگ سولر مائیکرو فنانس فنڈ NEPRA کے CSR وژن "خوشحالی، طاقت کے ساتھ" کے تحت تشکیل دیا گیا ہے، جس سے اب تک 48 مستحقین مستفیض ہو چکے ہیں۔

کے ای نے اپنے بل کا سائز آدھا کر دیا جس سے ہر سال 4,000 سے زیادہ درختوں اور 200 ملین لیٹر پانی کی بچت کی صلاحیت کے ساتھ ایک اہم ماحولیاتی اثرات مرتب ہوئے۔ کے ای کے 100,000 صارفین نے اب ای بلنگ کے لیے سبسکرائب کیا ہے۔

دیگر اہم معاملات

سرکاری اداروں اور شعبوں کی طرف بڑھتے واجبات

31 دسمبر 2022 تک، مختلف وفاقی اور صوبائی اداروں سے کے ای کی خالص وصولی، اصل واجب الادا بنیادوں پر تقریباً 79.6 بلین روپے تھی۔ ایندھن کی قیمتوں میں اضافہ اور کے ای کو مقامی گیس کی فراہمی کی عدم فراہمی کے نتیجے میں کے ای کے ٹیرف ڈیفریٹنشل سبسڈی (ٹی ڈی ایس) کلیمز میں اضافہ ہوا ہے جو (حکومت پاکستان) جی او پی سے قابل وصول ہیں۔

وصولیوں کا بیک لاگ کمپنی کی کیش فلو پوزیشن پر نتیجہ خیز اثر ڈالتا ہے اور اس کے نتیجے میں پاور انفراسٹرکچر میں سرمایہ کاری میں اضافہ کرنے کی صلاحیت پر منفی اثرات مرتب ہوتے ہیں۔ تاہم، کے ای اور اس شعبے کے بڑے پیمانے پر استحکام کے لیے ضروری ہے کہ حکومت سمیت تمام فریقین اس دیرینہ مسئلے کو قانون کے مطابق حل کرنے کے لیے ایک باہمی پراسن حل کو یقینی بنائیں۔

مزید برآں، کے الیکٹرک پاور پراجیکٹس ایگریمنٹ (PPAA)، انٹرکنکشن ایگریمنٹ (ICA) اور نیشنل گرڈ سے سپلائی اور سبسڈی کے اجراء کے لیے ٹیرف ڈیفریٹنشل سبسڈی (TDS) معاہدے کو حتمی شکل دینے اور اس پر عمل درآمد کے لیے GoP اور متعلقہ فریقوں سے مسلسل رابطے میں ہے۔ ان معاہدوں پر عمل درآمد کے لیے محترم وزیر اعظم صاحب کی جانب سے تشکیل دی گئی ٹاسک فورس کی سطح پر طویل غور و خوض کیا گیا ہے، اور کے ای معاہدوں پر جلد سے جلد عمل درآمد کے لیے تمام اسٹیک ہولڈرز کے ساتھ مصروف عمل ہے۔

ملٹی ایئرٹیف (MYT)

ریکوری نقصان کے بدلے لکیم شدہ لاگت کی زیر التواء منظوری

کمپنی مالی سال 2017 سے مالی سال 2022 کی مدت کے لیے ریکوری نقصان کے بدلے لاگت سمیت زیر التواء سماہی ٹیرف کے تغیرات کے تعین کو تیز کرنے کے لیے NEPRA کے ساتھ مسلسل رابطے میں ہے (کے ای کے MYT کے تحت اجازت شدہ، خراب قرضوں کی اصل معافی کے سلسلے میں) جیسے کہ کے ای کے MYT میں فراہم کردہ میکانزم کے مطابق کلیم کیا گیا۔

ان درخواستوں کی بروقت منظوری کمپنی کی پائیداری اور منصوبہ بند سرمایہ کاری کے نفاذ کے لیے اہم ہے۔

MYT پوسٹ 2023

کے ای کو NEPRA کی جانب سے 7 سال کے کنٹرول کی مدت کے لیے ایک مربوط MYT دیا گیا جو جون 2023 میں اختتام پذیر ہو جائے گا۔ موجودہ MYT اور بجلی کے شعبے میں جاری تبدیلیوں بشمول ڈسٹری بیوشن (نیٹ ورک) اور سپلائی کے کاروبار میں علیحدہ لائسنس یافتہ سرگرمیاں، CTBCM ماڈل کا نفاذ اور ملک بھر میں مجوزہ مرکزی اقتصادی ترسیل کو مد نظر رکھتے ہوئے، کے ای ہر کاروباری طبقے کے لیے جون 2023 کے بعد کی مدت کے لیے علیحدہ ٹیرف کے تعین کی کوشش کر رہا ہے۔

اس سلسلے میں، کے ای کے حیزیشن پلانٹس کی بقا یا زندگی اور اگلی کنٹرول مدت کے لیے ٹرانسمیشن اور ڈسٹری بیوشن سیگمنٹ کے لیے سرمایہ کاری کے منصوبے اور کارکردگی KPIs کے لیے NEPRA کی جانب سے درخواست دائر کی گئی ہے۔ کے ای بروقت اور پائیدار تعین کے لیے NEPRA کے ساتھ مصروف ہے۔

مسابقتی تجارتی دو طرفہ تجارتی معاہدات مارکیٹ (CTBCM)

مئی 2022 میں NEPRA کی جانب سے CPPA-G کو مارکیٹ آپریٹرز لائسنس کے اجراء کے بعد، فی الحال CTBCM کے رول آؤٹ سے متعلق ڈرائی رن سرگرمیاں جاری ہیں۔ کے ای اپنے انضمام کے مجوزہ منصوبے کی منظوری کے لیے NEPRA سمیت متعلقہ اسٹیک ہولڈرز کے ساتھ انتہائی مصروف عمل ہے، جس کا مقصد قومی بجلی کی پالیسی 2021 اور پاکستان میں مسابقتی ہول سیل بجلی کی منڈیوں کے قیام کے لیے CCoE کے منظور شدہ اصولوں کے مطابق ایک پائیدار اور منظم منتقلی کو یقینی بنانا ہے۔

ڈسٹری بیوشن اور الیکٹرک پاور سپلائرز لائسنس

کے ای کو 21 جولائی 2003 کو اس کی ڈسٹری بیوشن اور سپلائی میں جولائی 2023 تک 20 سال کی مدت کے لیے الیکٹرک پاور سروسز کی ڈسٹری بیوشن اور سپلائی کے لیے ڈسٹری بیوشن لائسنس دیا گیا تھا۔ پاور سیلٹر میں جاری تبدیلیاں جس میں ڈسٹری بیوشن (نیٹ ورک) اور سپلائی برنس میں علیحدہ علیحدہ لائسنس یافتہ سرگرمیاں اور CTBCM کا نفاذ شامل ہے۔ کے ای نے زیر جائزہ مدت کے دوران اپنے ڈسٹری بیوشن اور سپلائرز لائسنس کی تجدید کے لیے علیحدہ درخواستیں دائر کی ہیں۔

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

بورڈ کی تشکیل

10	31 دسمبر 2022 تک ڈائریکٹرز کی کل تعداد
---	(i) عورت
10	(ii) مرد
03	ii. عارضی آسامی

31 دسمبر 2022 تک بورڈ کی تشکیل

01	(i) آزاد ڈاٹریکٹر
09 (بشمول آزاد ڈاٹریکٹر)	(ii) غیر ایگزیکٹو ڈاٹریکٹرز
01	(iii) ایگزیکٹو ڈاٹریکٹرز

بورڈ کمیٹی

بورڈ کمیٹی کے ارکان کے نام اس رپورٹ کے "کمپنی کی معلومات" سیکشن میں درج ہیں۔

بورڈ کے معاوضے کی پالیسی

بورڈ نے 25 جون 2020 کو ہونے والی اپنی 1216 ویں میٹنگ میں نان ایگزیکٹو ڈاٹریکٹرز کے لیے معاوضے کی پالیسی کی منظوری دی ہے جو قابل اطلاق کارپوریٹ ریگولیشن فریم ورک کے مطابق ہے۔ غیر ایگزیکٹو ڈاٹریکٹرز کی منظور شدہ معاوضے کی پالیسی کی نمایاں خصوصیات حسب ذیل ہیں:

A. فیس کا ہر تین سال بعد جائزہ لیا جائے گا۔

B. جائزہ ہمیشہ قابل اطلاق کارپوریٹ ریگولیشن فریم ورک کی تعمیل کرے گا اور اسے معروضی انداز میں انجام دیا جائے گا۔

C. معاوضے کی سطح موزوں ذمہ داری اور پیشہ ورانہ مہارت کی سطح کے مطابق ہوگی جو کمپنی کے امور کی انجام دہی کے لئے اس کے کارپوریٹ اور سماجی مقاصد کو کامیابی سے حاصل کرنے کے ساتھ قدر افزائی کی حوصلہ افزائی کرے۔

بورڈ آف ڈاٹریکٹرز میں تبدیلیاں

اس مدت کے دوران، ڈاٹریکٹرز کا انتخاب ہوا جس میں درج ذیل ڈاٹریکٹرز کا تقرر کیا گیا:

1. مارک جیرارڈ سکیلین	8. مبشر ایچ۔ شیخ
2. سید منوس عبداللہ علوی (سی ای او)	9. محمد کامران کمال
3. ادیب احمد	10. محمد بیری موتی والا
4. ارشد جمیل محمد	11. سعد امان اللہ خان
5. Boudewijn Clemens Wentik.	12. سعدیہ خرم
6. چوہدری خاتون سعد اللہ خان	13. شان اے۔ اشعری
7. ڈاکٹر عمران اللہ خان	

اس کے بعد، مسٹر مارک جیرارڈ سکیلٹن کو بورڈ آف ڈائریکٹرز نے بورڈ کا چیئرمین مقرر کیا۔ مزید برآں، مسٹر Boudewijn Clemens Wentink، چوہدری خاتون سعد اللہ خان اور محترمہ سعدیہ خرم نے اکتوبر 2022 میں نان ایگزیکٹو ڈائریکٹرز کے عہدے سے استعفیٰ دے دیا جس کے نتیجے میں بورڈ میں عارضی آسامیاں خالی ہوئیں۔ تاہم، کے۔ الیکٹرک درج ذیل عوامل کی وجہ سے اپنے موجودہ بورڈ کی ساخت کو تبدیل نہیں کر سکتا ہے:

- a. سوٹ 1731 / 2022 (AI Jomaih Power Limited اور دیگر بمقابلہ ICGF SPV 21 لمیٹڈ اور دیگر) سندھ ہائی کورٹ سے 21 اکتوبر 2022 کو عبوری حکم نامے کے ساتھ اس خاص نکتے میں منظور ہوا۔ جس کے ذریعے کمپنی کو ہدایت کی گئی ہے کہ "کے الیکٹرک کے موجودہ بورڈ آف ڈائریکٹرز میں کوئی تبدیلی متاثر نہیں ہوگی"
- b. سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے بتاریخ 08 نومبر 2022 کی ہدایات کے ساتھ، جس میں بیان کیا جاتا ہے کہ "ٹارگٹ کمپنی (یعنی کے الیکٹرک) کے موجودہ بورڈ آف ڈائریکٹرز کی تشکیل کو جو بھی ہو، کمیشن کے اگلے احکامات تک تبدیل نہیں کیا جائے گا"
- لہذا، بورڈ میں عارضی آسامیوں کو پُر کیا جائے گا جو کہ متعلقہ ریگولیٹری منظور یوں کی تحریری رسید / وصولی سے مشروط ہوں گی۔

اعترافات

بورڈ حکومت پاکستان، شیئر ہولڈر، صارفین اور کمپنی کے دیگر اسٹیک ہولڈرز کے تعاون اور حمایت پر ان کا شکریہ ادا کرنا چاہتا ہے اور کمپنی کے ملازمین کو خراج تحسین پیش کرتا ہے۔

Mark Skelton
مارک جیرارڈ سکیلٹن
چیئرمین

سید منوس عبداللہ علوی
چیف ایگزیکٹو آفیسر

(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 اسی پر انحصار کیا جائے)

کراچی، 27 فروری 2023



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