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**Mohammad Ishaq Dar**  
Federal Minister for Finance & Economic Affairs

The financial and operational turnaround at Karachi power utility K-Electric during the tenure of present management in last five years is a very good indicator of the resilience and capabilities of Pakistan's professional human resource and financial system.

The sponsors of K-Electric have not only secured their investment and added value to it but also have given much higher value to Government of Pakistan's 24 percent share holding in the utility. There was a time when Government of Pakistan was pouring in billions in K-Electric before privatization and K-Electric continued to struggle even after privatization. However the turnaround in the last five under present management with nine quarter of consecutive after tax report after 17 years of losses deserves appreciation. K-Electric performance is all the more impressive keeping in view the multi ethnic operating environment and politically challenging environment.

K-Electric turnaround has won international acclaim and besides winning it several awards, it has at

*Continued on page V*



**Dr Ishrat Ul Ebad Khan**  
Governor Sindh

With immense pleasure and pride, I extend my compliments to KE's management and workforce on achieving a unique and challenging turnaround not only in its operations but in its financial endeavors, hence restoring Karachi's image as the City of Lights.

The load-shed exemption of 60% of K-Electric's consumers means a better business and social life for the people. K-Electric is not only contributing to the business and residential users in Karachi but also to parts of rural Sindh and rural Baluchistan. K-Electric truly personifies the resilient and capable nature of our human resource which survives and succeeds against different odds.

This is all the more impressive due to the multiple challenges which KE's management faced after taking over five years ago with a multi ethnic customer base, a number of political power centers, over staffing and massive power thefts.

KE's management with sagacity has overcome odds and challenges and has ensured continuous

*Continued on page V*



**Syed Qaim Ali Shah**  
Chief Minister Sindh

I, on behalf of Sindh Government, extend my heartfelt felicitations to the sponsors and management of K-Electric on achieving the exceptional corporate milestones in the last five years in terms of operations, financials and HR. K-Electric has played a phenomenal role in setting new standards of corporate turnaround in the history of Pakistan.

I applaud the continuous efforts of K-Electric in improving the electricity supply in the residential, commercial and industrial sectors of Karachi. Indeed, the power supply is being considered as the lifeline that moves the nation forward to the progress and prosperity in all means, as such the Sindh Government gives high importance to the energy sector including K-Electric so that citizens can plan and execute their social & business life with ease.

Sindh Government has always tried to facilitate KE in every possible way and will continue to do so. It is also encouraging information for me that KE sponsors have invested over USD 1 Billion during last five years to improve its generation and

*Continued on page V*



**Syed Murad Ali Shah**  
Minister for Finance & Energy Sindh

It is heartening to note that the management of K-Electric (KE) has endeavored to turn around a struggling power utility and played a positive role during the last five years to help improve Karachi's contribution to national economy.

Majority of residential and business consumers do not have to suffer the agony of load shedding anymore which has resulted in higher contribution to national GDP and revenue generation. K-Electric is reported to have invested substantially in the generation and distribution network leading to improved supplies and lower distribution losses. Addition of 1010 MW in KE system has led to better industrial production

*Continued on page V*



**Tabish Gauhar**  
Partner & Country Head Pakistan, The Abraaj Group Chairman K-Electric

KE has shown the world that with clarity of purpose, unflinching determination, passion and integrity, nothing is impossible. We challenged the status quo in the long term interest of our customers. We look to the horizon and see an evolving and expanding role which is why we developed a new identity in line with our aspiration to make Karachi and Pakistan proud.

Our mission is clear – to provide affordable power to 2.5 million customers on a consistent basis. We chase an ever-changing and challenging target, but we won't give up. For us, this is a unique opportunity to

*Continued on page V*



**Tayyab Tareen**  
Chief Executive Officer K-Electric

It takes committed and proficient people with strong work ethics to build sustainable companies and it was exactly what we set out to implement after taking control of a faltering power producer and distributor in one of the biggest cities of the world. Our journey from K.E.S.C to K-Electric (KE) is a story of unflinching determination, passion and integrity in the face of extreme criticism. The transition is a corporate example of how determination, hard work, persistence and the eagerness to excel are the paths carved in stone to achieve success.

As an organisation we have gone through a tremendous deal of turmoil over the years. This is precisely what



*Continued on page V*

# Heartiest Congratulations to K-Electric for the Success Achieved during last 5 Years

KE 5 years success story marks the transformation of a city which is considered to be the financial hub of Pakistan. K-Electric has not only made timely investments but has a vision which has translated into more than half of the city being without any sort of load-shed.

We at Harbin Electric China rejoice K-Electric success and hope that K-Electric continues with the same courage and determination it has shown over the last 5+ years.

KE and Harbin Electric have successfully teamed up to setup 560 MW CCPP, Bin Qasim Power Station-II, Karachi which is already operational and contributing to Pakistan's economy.





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HARBIN ELECTRIC CORPORATION

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HARBIN ELECTRIC INTERNATIONAL COMPANY LIMITED  
Innovation Science and Technology City, Songbei Dist., Harbin, China



# Generation—Core function of K-Electric for powering up Karachi!

Prior to 2008, electricity was considered a rare commodity in Karachi. Once power went off in any area, one had no other option but to wait for its resumption. With only 4 generation plants in the city, K-Electric (formerly KESC) produced electricity which

ment in efficiency. Similarly, an additional 220 MWs has been made possible with the successful implementation of Korangi Combined Cycle Power Plant.

KE's Korangi Gas Turbine Power Station and Site Gas Turbine Power Stations were identified as the lowest efficiency sites that were suited for a replacement based on the existing spatial and infrastructure layout. Specifically, the project aimed to replace 149 MW of dependable capacity at thermal efficiency of 22% with 180 MW of engines based technology with a thermal efficiency of 37%. This capacity and efficiency replenishment was carried out in a phased manner to ensure a sustained power supply to the city during the project execution. The technology selected to replace the existing Frame 5 Gas Turbines at each site was GE Jenbacher's Reciprocating Engine configuration. These reciprocating engines stood out amongst the highest thermal efficiency gas engines in the world.

was not enough for energizing a population of 20 million. While inadequate power generation led to prolonged load-shedding, increment in power tariff as well as power theft, the company didn't give up and took up the challenges against all odds and proved that nothing was impossible if one had unwavering determination. Over the last six years, KE has increased its generation capacity by 1010 MWs and overall fleet efficiency by 21%.

The fleet portfolio of the utility has been enhanced by rehabilitation of old plants and addition of new plants. The Bin Qasim Power Station-I (BQPS-1) has gone through rigorous rehabilitation resulting in recovery of up to 50 MW and improve-

Over \$1 Bn invested to enhance generation, transmission & distribution capabilities

\$46 Million Rehabilitation plant at BQPS-1

Jan 2009 and the project was completed in record time of 7 months and achieved two awards from Asian Power magazine for the "Best Fast Track Project in Asia" and

"Asian Power Plant of the Year".

Moreover, the addition of BQPS-II, one of the largest and most efficient combined cycle plants in Pakistan has taken KE one step ahead in self-reliance in power generation and in meeting Karachi's future energy needs. This is a landmark achievement in power sector and with addition of 560MW state-of-the-art combined cycle, the Bin Qasim Power Plant complex is one of the largest power complex in Pakistan with an installed capacity of 1820 MWs.

To ensure the electricity needs of Karachi's consumers, KE is working round the clock on three efficiency and capacity enhancement projects, which will further increase the generation capacity by 47 MWs after completion. The entity now generates 65 percent power through its own system. With the increased power generation, the company has successfully managed to exempt 60percent of the city from load shedding including all industrial sectors.

In the last fourteen months, other reliability projects have also been implemented through contractual

## Improvement in Fleet Efficiency

**21%**

- ▶ 21% efficiency gain (FY09 - FY14)
- ▶ Addition of new efficient plants
- ▶ Annual maintenance of BQPS-I

## Addition Of 47 MWs by Converting 3 Open Cycle Plants to Combined Cycle

agreement, with General Electric (GE) worth USD 39 Million. A further, USD 46 Million is being invested in the rehabilitation of the BQPS-1 for an 86MW increase in capacity and 2.2 percent enhancement in efficiency.

KE believes in redefining the future of generation in

Pakistan and hence it has been working on it. KE is currently undertaking conversion of its two furnace oil based units of 210 MWs each to coal based at BQPS-I. This project will take two and half years to complete and achieve commercial operations, which is lesser time needed in comparison to construct a brand-new coal based plant. These projects will save around USD 7 Billion in foreign exchange over a period of 20 years.

Meanwhile, Korangi Combined Cycle Plant conversion projects for two open cycle gas turbines into combined cycle is in progress, hence upon completion all gas turbines would run in combined cycle mode.

Owing to KEs policy of continued investment in generation for improving efficiency & enhancing capacity,

90 MW Plants of KGTPS and SGTPS awarded  
"Best Fast Track Project" (Silver Award) and  
"Best Plant in the Region" by  
Asian Power Magazine

### 560 MW CCP (BQPS-2)



Supplier General Electric - Frame 9E GT

### 220 MW Korangi CCPP



Supplier General Electric - LM 6000 GT

### 90x2 MW at GE Jenbacher (SITE & Korangi)



Supplier GE Jenbacher - Gas Engines

\*Gross Dependable Capacity

a USD 53.5 Million project has been undertaken or adding 10MW steam turbine each at Korangi & Site Stations. This would enable these power stations to function as "Closed Cycle Plants". The project will take about 24 months to complete

and is on schedule. Upon completion of this project 20MW would be added to the system and the efficiency of the plants will increase by 3 to 4 %.

KE's turnaround story has set an example for other power industries in this

country. The reason of transformation is to regain the trust of customers and stakeholders in the company and these initiatives have been the first link to create a meaningfully positive difference in the lives of millions of residents of the city.

GE

Together, we bring extraordinary innovations to Pakistan

Together, we achieve extraordinary possibilities

GE congratulates K-Electric on its journey of success and is proud to partner with it in powering Pakistan's progress.



# Transmission – the pulse that moves K-Electric!

**T**ransmission has always been the backbone function of KE, so improving its infrastructure has had a direct impact on the company's efficiency and hence profitability.

Powering up a population of 20 million, K-Electric(KE) is the only vertically-integrated power utility in Pakistan. The journey from KESC to K-Electric has not been an easy one; and upgrading the transmission lines was one of the key contributors to the company's turnaround from a loss making entity to a healthy and sustainable corporation.

After privatization, some of the major issues that KE had to deal with were: huge electricity demand-supply gap; line tripping leading to fre-

quent load-shedding; transmission losses due to outdated infrastructure; and power theft that created an impediment in the organization's growth. Despite these hurdles, the new capable management of the power entity did not give up but continued to take up challenges with resilience.

With KE's privatization in 2008, the entity gradually witnessed a radical transformation and became a global success story of an impressive turnaround. KE took up the challenges head on in its stride and still continues to overcome business problems successfully leading to the enhancement in transmission, distribution and generation of electricity in the city of Karachi and its surrounding vicinities.

**Transmission losses down by 2.7 percent: 41 percent reduction in line tripping since 2008**

## Cutting Down on Line Losses

**D**uring the turnaround phase, KE managed to bring down the transmission losses by 2.7 percent. Moreover, the utility has managed to establish 11 new grids with an additional transformation capacity of 757 MVA. These initiatives have resulted in a 55 percent reduction in transformer tripping in comparison to 2008.

Electricity theft, a grave issue for the utility company, has also decreased significantly through anti-theft drives conducted by the company in kunda-infested areas. Furthermore, conductor theft has been completely eliminated. In the fiscal year of 2014, 97 MVA transformation capacity was also added to the system through ONAN and ONAF conversion on ex-



isting power transformers. Rehabilitation work was also conducted on four 132 KV underground circuits for expanding the transmission

lines. The improvements in transmission lines are also evident from a 41 percent reduction in line tripping since 2008.



## Future Transmission Capacity Enhancement Project

Three new 220/ 132 KV grid stations at Gulshan, Surjani and Port Qasim areas.

Five new 132 KV grid stations at Old Golimar, Labour Square, Bath Island, Shadman & Gadap.

Addition of 15 power transformers at existing grid stations.

Addition of six new 220 KV and six new 132 KV transmission lines.

Addition of three 250 MVA transformers with bays. (750 MVA)

**Upgrading the transmission system was one of the key contributors to the company's turnaround from a loss making entity to a healthy and sustainable corporation**

## TRANSMISSION SYSTEM AS ON JUNE 30, 2014

Description	Circuit Length As on 30 June 2014
220 kV Overhead	323.301 km
220 kV Underground	14.714 km
132 kV Overhead	611.203 km
132 kV Underground	150.197 km
66 kV Overhead	149.400 km
<b>Total</b>	<b>1,248.82 km</b>
Grid Stations	63



*The State-of-the-art SCADA system has gone through ongoing improvement over the years*

**S**AP project system (PS) module has been successfully implemented within the transmission department and Annual Preventive Maintenance (APM) whereas it has already been executed successfully for the grid transformers. KE has also started an initial pilot project regarding the implementation of SAP PM (Plant Maintenance) System, if successful it shall fully automate the overall

maintenance business processes.

The rehabilitation, up gradation of transmission as well as ongoing improvement is monitored by the state-of-the-art SCADA (Supervisory Control and Data Acquisition) system. The system helps in performing online and real time monitoring of the network, compatible with the fast industrial, commercial and residential development activities in the city.

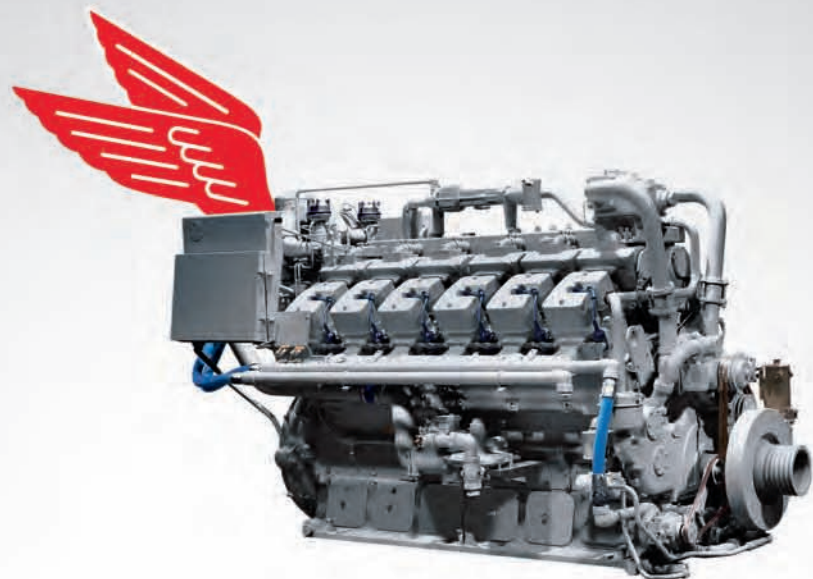
## 11 New Grid stations added

In 2008, the total grids were 52, which has now become

**63**

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MAL Pakistan Limited is proud to be a trusted partner and supplier of K-Electric; one of Pakistan's largest and most important power utility company.

Looking forward to working together to achieve even higher levels of success.

**Raising Performance. Together ↑**



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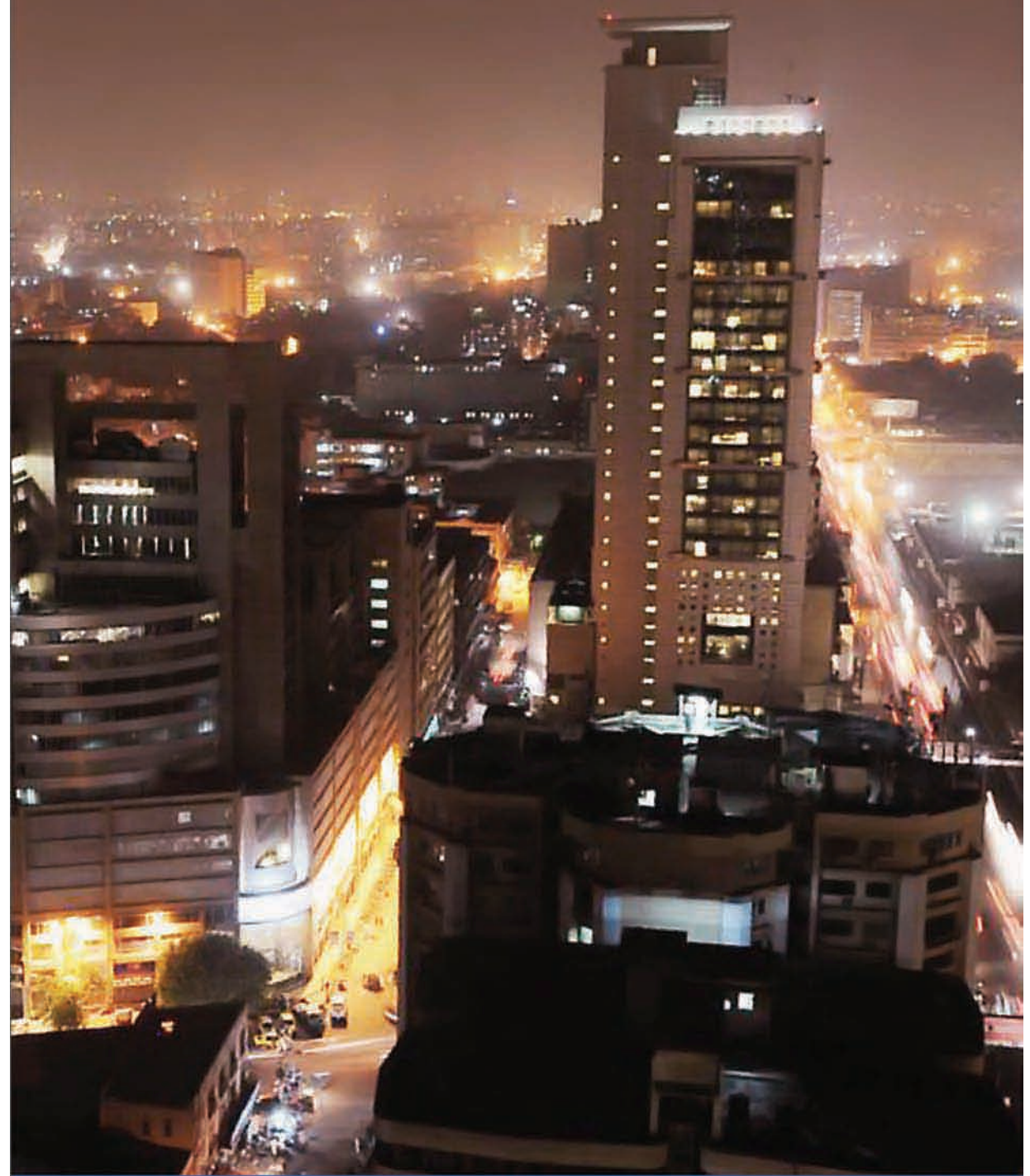
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## The City of Lights Thanks You, K-Electric.

Congratulations on completing 5 years of turnaround.







# K-Electric’s Distribution Challenges and Initiatives

With a population of over 20 million, Karachi is one of the largest cities in the world. As the city has expanded further to accommodate the rush of residents flowing

in from other parts of the country, its hunger for power has multiplied manifold.

Over the past few years, K-Electric has managed to connect Karachi to the power grid seamlessly. This has

been done through various initiatives and ways to curb prevalent electricity issues within the city.

KE has set an exemplary record by turning a loss-making entity into a profitable institution and has become

a beacon for other public entities to follow.

Among the different initiatives taken by KE, there are some that have largely enhanced power distribution in Karachi.

## IBCs: A One-Window Solution for Customers

In 2009, the new management at K-Electric (KE) decided to overhaul the previous legacy organizational structure consisting of approx. 5 Business Operations Centers (BOCs) working with 1 Maintenance Center (MC). This structure was not consumer friendly and the consumers were badly affected, also it was inefficient and significantly over-staffed.

To overcome this inefficiency, 28 Integrated Business Centers (IBCs) were created covering the whole of Karachi and rolled out with revamped office buildings and customer servicing areas. This restructuring allowed KE to enhance the processes while providing a chance to engage directly with the community.

In the organizational redesign, 4 BOCs and 1 MC have been combined to form an IBC capable of serving 80,000 to 100,000 consumers. Each IBC is placed under the direct control of the General Manager, who is accountable for losses, collections and consequentially productivity of the area.

As part of revamp, custom built offices have been developed that include dedicated departments for revenue protection, customer accounts and customer care. In addition to this for refreshment, a kitchen and canteen for employees was provided along with a dedicated customer service area that includes a waiting area and automated queuing.

To support the organizational change, a state-of-the-art '118' Call



Center has been established with a capacity to handle a maximum of 350 calls at one time during peak summer season when the electricity demand is at its max. In addition, a State-of-the-art Billing and CRM system SAP Utilities (SAP IS-U) was implemented, which is a process-oriented sales and information system that supports all services of utilities. The

improved systems resulted in better overall management and productivity

This leaner and highly efficient IBC model has greatly enhanced KE's management in all the 28 areas along with boosting customer satisfaction levels. It is an embodiment of the power producer's pledge to honor its commitment to the consumers and the community alike.

307.8 tons of Kunda wires have been removed since 2009

60% of Karachi is exempted from load shedding

Distribution losses down by 10.6% over last 5 years, standing today at 25.3%

Over 70% of Karachi has distribution losses of 16% equivalent to the MENA Region

Over 1200 MWs were added to the distribution system through new connections in last five years

Industrial Zones exempted from load shed since last 5 years

### Segmented Load Shed Model

KE introduced a mechanism whereby areas were divided up on the basis of their losses. Areas were categorised as Low loss, Medium loss, High loss, Very High loss along with Industrial and Strategic categories. The purpose of the project was to separate good consumers from bad consumers, by exempting low loss, industrial and strategic feeders.

### Special Installment Facility

This facility was unveiled in November 2012 to accommodate system based token bills to help recover PKR 550 Million.

### Distribution Feeder Addition

In 2008, total number of feeders was 1011, which has now become 1395. In last 6 years, approximately 400 feeders have been added in KE's distribution system.

### Recovery Camps

Another step was to set-up camps in low affluent areas to facilitate consumers with speedy resolution of electricity problems while ensuring recovery of dues.

### Anti-theft Drives

Anti-theft drives are conducted almost daily, from July 2010 over 1 Million theft bills have been issued amounting to PKR 20 Billion.

### Aerial Bundled Cable (ABC)

KE has taken a new initiative to restrict theft by introducing insulated phase conductors or ABCs that are bundled together in contrast to open copper wires. Currently rolled out to 226 PMTs where significant reduction in losses has been noted.

### Smart Grid

The project aims to reduce technical & commercial (AT&C) losses through a Distribution Network Management System incorporating IT systems. The pilot project will be rolled out to 10,000 consumers and will be completed in the second quarter of 2015.

### Meter Reading

To reduce human errors, an Android application was developed enabling meter readers to note readings and transfer immediately via an internet connection, hence significantly reducing bill processing times.

### Low-cost Meter Project

To facilitate consumers in the underprivileged areas, KE installed low-cost meters on easy installments offering a legal alternative, after removal of Kunda connections.

### Technical Loss Reduction

This project focuses mainly on the reduction in technical losses at the feeder level through standardized network optimization. As a result of which, not only the technical loss of the company shall decrease but improved service levels and reduction in network faults will also be witnessed. Currently, the project is in its planning phase while the first phase is expected to begin in FY15.

*Congratulations!*

KE

on the dawning of a new era

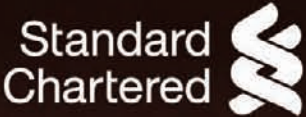
Our felicitations to




on completion of its five years of successful operations with our pledge to stand alongside KE in its journey of progress.



**Tapal Energy (Pvt.) Ltd.**




**Revolutionising Karachi's Electric Supply**



With 5 years of successfully repositioning Karachi's electric supply as a vibrant and positive entity, K-Electric promises a progressive and sustainable future.

Standard Chartered Bank congratulates K-Electric on 5 years of outstanding service as the sole distributor of electricity in Karachi, Pakistan.



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# SPEAK-UP CAMPAIGN- Public Speaks up to Report Theft

K- Electric has come up with a number of key innovative initiatives that helped transform themselves into a profitable entity; one such initiative from many others is Speak-Up Campaign. Speak-Up aka Abb Bolo line is a platform where theft can be reported by means of phone, fax and email.

The aim of this campaign is to include all stakeholders (consumers) to stand up against any noticeable illegal activities.

With the help of Speak-Up, KE will be notified of illegal connections they are not aware of and strict action can be taken against them. The solution is simple – if our customers pay, KE will be in a position to provide electricity to them. KE further pointed out that 60% of Karachi was already exempted from load shed, as KE did not voluntarily disrupt supply to “low-loss areas”.

Most electrical theft crimes occur through illegal Kunda connection / bypassing meters, meter tampering. Other less frequent crimes include tapping into neighbouring premises, using illegal lines after being disconnected, self-reconnection without consent of KE.

**Achievements:**  
Combating electricity theft since the launch of this campaign in 2009, 21,514 complaints of electricity theft have been investigated, in which approximately 78 percent of the total complaints have been found to be genuine while the remaining 173 complaints are under observation.

In the first year of the campaign, due to lack of confidence and under-



standing, only 9 complaints were registered. Karachi being a hostile city did not give the confidence to these ‘Good Paying’ consumers to step up and report regarding theft in their area. K-Electric instilled that belief in these consumers and guaranteed them anonymity and the trend picked up and the campaign took off.

From 9 complaints of Electricity Theft in 2009, 2010 saw 82 complaints being registered. When these customers saw that their complaints are reaping benefits, 2011 saw a major jump, when more than 1200 complaints got registered. These complaints made K-Electric take stringent action against such theft cases, and

Since 2009  
21,514  
complaints of  
electricity theft  
have been  
investigated

## PLEASE HELP US

Everyone is affected by the electricity theft. Therefore, every citizen can help to prevent and reduce power theft, it is our social and moral responsibility to detect and report illegal activity. This would not only decrease the faults, bring down load shedding to the minimum but would also reduce financial losses faced by KE.

- Call 118 call center or email us on [speakup@ke.com.pk](mailto:speakup@ke.com.pk) immediately if you know of an illegally connected consumer.
- Do not cut the seal on your meter base or tamper with your own meter for any reason.
- Apply for a legal connection if you do not have one.
- Remain aware of your surroundings and report any suspicious activities through Speak-Up campaign.

the complainants grew more confident and kept reporting cases in their respective areas. 2012 saw 4,247 whereas 2013 had 7,344 and 2014 had more than 8,700 registered complaints. These complaints were kept anonymous and this campaign was appreciated. The perception that KE is not moving against electricity theft was broken, as apart from the daily ‘Anti-Theft Raids’, the Speak-Up Campaign instilled that belief into the consumers.

Speak-Up  
enables KE to be  
notified of illegal  
connections and  
take strict action  
against them.

The citizens of Karachi have been taking greater interest towards supporting K-Electric in this campaign each passing year. 15,556 complaints were registered via telephone at 118 call center while 6,126 complaints were received through email ([speakup@ke.com.pk](mailto:speakup@ke.com.pk)). In all cases, the identity of the complainants was kept confidential and KE appreciated all its consumers of taking the initiative of sparing their time and filing their complaints.

## M E S S A G E S

Continued from page 1

### Ishaq Dar

tracted foreign lender agencies like IFC and ADB to convert USD 50 million of its long term loans into equity in the company. K-Electric has successfully raised money through TFC and Sukuk and plans to further raise funds to fund its expansion plans. K-Electric sponsor's commitment to Pakistan is very welcome and their expansion plans and future investment of USD 2 billion will be supported. It's good to note that K-Electric has already invested USD 1 billion in CAPEX during last five years.

K-Electric turnaround is very encouraging to undertake privatization of power utilities in the public sector and will also give confidence to foreign investors to participate in such transactions. The improvement in K-Electric performance has a positive bearing on higher trade and industrial output from Karachi which is a very welcome sign for national economy. I wish best of luck to K-Electric management for its further contribution to national good and economy.

### Dr Ishratul Ebad Khan

power supply to majority of the city. The company has spent a good USD 1 billion plus to increase 1010 MW of capacity and plans to spend another USD 2 billion in coming years to further improve operations. I must appreciate the work force of KE who work day in and out with a passion and zeal in a bid to turnaround the company's fortunes.

Today, KE is a source of pride for the corporate sector in Pakistan and will encourage local and foreign investors to invest and undertake power and other utilities under the privatization program. KE's success also proves the responsive and responsible customer base in Pakistan who have responded to the company's exceptional services in a befitting manner. KE's performance has won it many international awards like FT/IFC Transformational Business Award and Harvard University has done a case study on its corporate turnaround. I wish KE's management and workforce the best of luck for its future plans and I am sure soon enough the city of lights shall be totally free of the load shedding menace.

### Syed Qaim Ali Shah

distribution network and have plans to spend another USD 2 billion for further improvements. Sind Government shall support KE's future plans in the strongest possible manner to make Karachi a load shed free city.

It's delightful to note that KE's performance has not just won it local but many international awards which became possible because of the efficiency and efforts of its management. Our best wishes are with the KE management as we again pledge to embrace the entity's ideology and approach because only together can we bring change to this city and thus our beloved nation.

### Murad Ali Shah

levels and higher business activity leading to increased employment. The better availability of power has improved the social and economic life in Karachi. There is still a room for improvement and I am sure K-Electric would invest further improving the operations and customer satisfaction.

The current performance of K-Electric, after years of losses, is a reflection of the resilience and capability of the company's potential and specially its work force. Learning from the K-Electric experience, I am confident that more foreign and local investors would come forward and benefit from the opportunities offered by the Energy sector in the province of Sindh.

### Mr. Tabish Gauhar

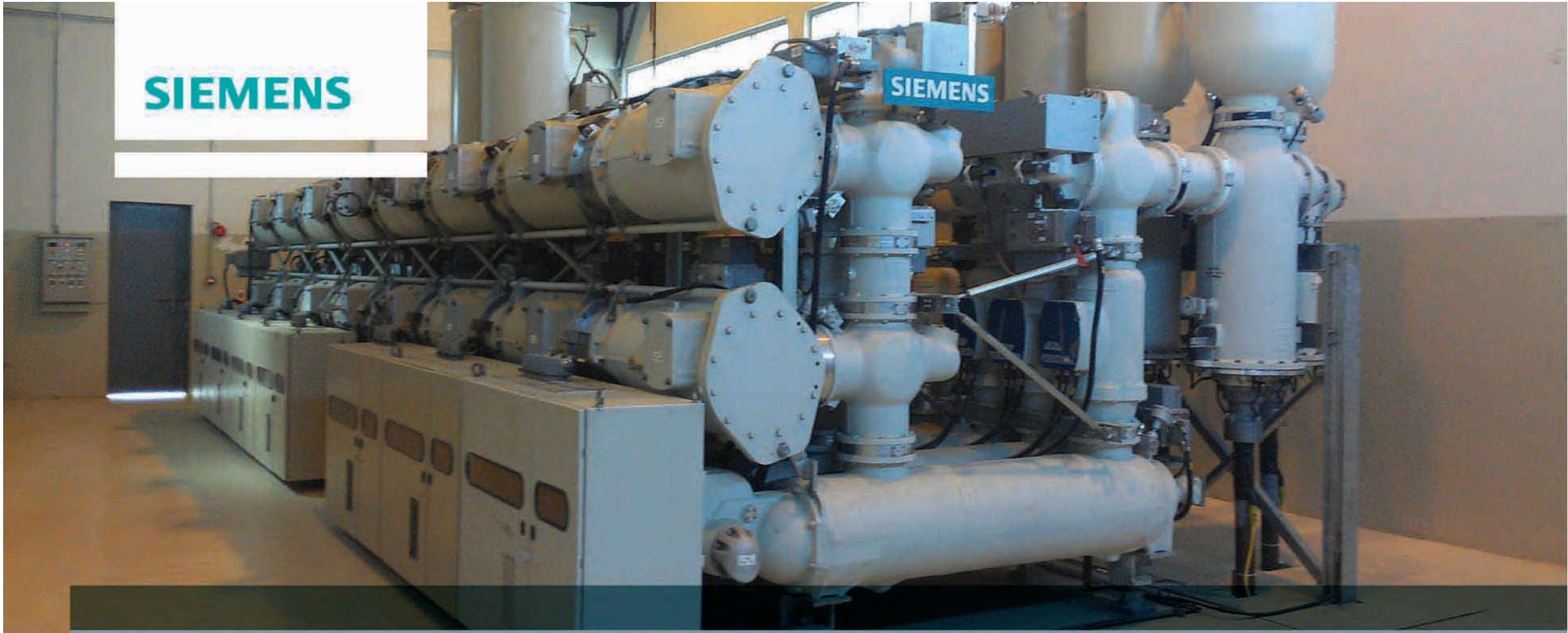
positively impact the lives of millions of our fellow citizens. The role of corporate organizations as change agents in society cannot be over-emphasized. KE's journey over the last 5+ years has been transformative. We work earnestly to enhance the trust between KE and its stakeholders, and believe that change should be measured relative to our past performance and national peers. We thank the many foreign and local institutions that have contributed to KE and continue to support the transformation of local champions into national champions. Most importantly, it's the vast majority of our 10,500 employees who are the real unsung heroes, fighting daily battles in the trenches, to keep the lights on and hopes alive.

### Tayyab Tareen

makes our current situation so much sweeter than it should make us feel. It is a wonderful story which is now being taught as a case study of corporate success at the prestigious Harvard Business School.

KE is one of the largest suppliers of energy in Pakistan now with over 20 million consumers in Karachi, part of interior Sindh and Baluchistan, covering an area of 6,500 sq. kilometers. With this expansion, we have also worked extremely hard to systematically implement controls over all our operations in order to ensure that we provide the best possible service to our customers who we believe are our top priority. Keeping this in mind we launched various CSR initiatives to give back to a society that has given this company a lot. Through this very approach we have managed to cut down on load shed to 60% of the entire energy distributed.

This journey is still the beginning of a legacy which shall resonate across the globe. I consider the job before us to be magnanimous, but not impossible. I am hopeful that together we shall continue moving lives and powering the industrial growth of this great city.



## Energizing Sustainable City Development

Siemens and K-Electric, working together for efficient energy supply in Karachi

K- Electric faces the daunting challenge of fulfilling the power requirements of Karachi, a city that has a population of over 23.5 million people and an area of approximately 3,527 km<sup>2</sup> (1,362 sq mi). In the past five years, K-Electric has demonstrated that it is equal to the task. Siemens is proud to be associated with K-Electric in some of its landmark projects in the city.

Siemens has a long and impressive history of working together with K-Electric. Siemens provides a range that spans the entire field of high-voltage power transmission and innovative reactive power compensation systems, complete grid access

solutions for distributed power generation, air and gas insulated switchgear, as well as entire high voltage turnkey substations, gas-insulated lines, transformers for various applications, circuit breakers, surge arresters, disconnectors, and bushings.

An example of this fruitful partnership is the Korangi Thermal Power Station (KTPS) where Siemens has delivered the most modern and top of the line 220kV GIS along with control and protection system.

LDC for K-Electric is yet another milestone of the

sophisticated display of the online status of the power generation, transmission and distribution in the greater city of Karachi.

We congratulate K-Electric on its amazing turnaround within five years and look forward to working together to provide efficient and reliable power supply to Karachi- the heart of Pakistan.





# Human Resource Management Practices at KE

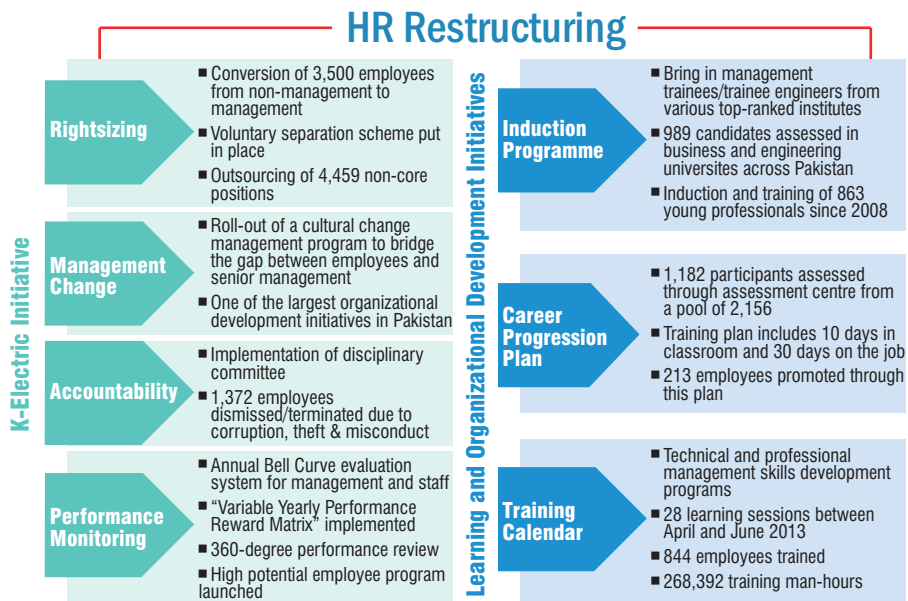


In September 2008, the total number of people working in KE - including both management and non-management - was 17,439. Approximately 11,000 were classified as permanent employees, while some 7,000 were contractual employees. KESC was overstuffed and burdened, as is the case with most Public Sector Entities.

**VSS Scheme:**  
At this point in time, it was important for KE to introduce a workable business plan, whereby only core functions would be retained under KESC's management and all non-core functions would be entrusted to competent service providers. The rationale behind this boldness was to ensure specialized performance, a tactic unknown to many government owned utilities. Steps taken were to identify which posts were termed core to the business of power generation and supply, while differentiating those that were not followed by discus-

sions which involved Human Resource staff and legal advice. Interestingly, analysis were driven after a detailed assessment; it was discovered that 600 people were employed just to deliver bills. In light of the situation the business model was founded on three principles. The first being to improve generation capacity, the second to improve customer service, and the third was the right number of people in the company with the right competencies. Outsourcing of non-core functions would bring the organization nearer to these goals, and later, it did. The leadership designed a voluntary separation package, which was duly approved by the Board. They obtained approval to outsource non-core functions, with a VSS which cost a whopping PKR 6 billion. The offers ranged from PKR 700,000 as a minimum to PKR 5 million representing the upper end, with an average pay-out of PKR 1.5 million.

Enhanced workforce effectiveness through the creation of performance-driven and workforce optimisation (reduction of headcount by approximately 7,000 – from 17,436 to 10,242 as the current headcount).



## “From KESC to K-Electric – A company Reborn”



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The book titled “From KESC to K-Electric” is a manifestation of K-Electric's (KE) history and charters the changes the organization has gone through over its 100 year legacy. The Book has an updated account of the latest changes in the company operations and turnaround to a highly successful entity. Indeed, KE is fundamentally part of the fabric of Karachi and its story not merely a story about the generation and transmission of power, but is essentially one about people – the people of Karachi and surrounding districts. The book depicts the transformation of KESC to KE, a transformation that did not occur overnight but took CEO Tabish Gauhar and the leadership team at the organization 4 grueling years to turn the company into a profit making entity. Different chapters of the book list out how the gap between demand and supply of electric-

ity, internal deficiencies were overcome and the improvement in the relationship between consumers and KE. The book is written in a unique style that allows its readers to easily pick and choose areas of interest without the constraint of reading the book from cover to cover. “From KESC to K-Electric” reflects KE's past, its present and what it wishes to achieve in the future and maps the organization's journey to restore and maintain pride in KE, Karachi and Pakistan. In his Foreword for the book, Chairman, Social Development Enterprise Javed Jabbar said, “This is a book larger than the sum of its parts. What are its parts? An initiative by the private sector management team representing the management-controlling private shareholders of a State-owned utility firm to present its experience over a 6-year period. A validly proud presentation of how a well-led team of indi-

viduals working in difficult circumstances were able to improve the provision of an essential need while achieving daunting objectives. And all this in a huge metropolis of ambivalence, part prickly porcupine, partly redolent with fond memories, with millions living in peaceful, productive co-existence often punctuated by spasms of virulent violence.” ‘From KESC to K-Electric – A company Reborn’ has been written by Arshi Ahmad Aziz, with Art Direction by Ambreen Dar, Layout by Mahwish Rizvi and Cover Illustration by Adeela Badshah. The book is introduced by Markings Corp, the corporate brand development extension of luxury independent publishers Markings. The book will be available for purchase at leading bookstores nationwide from 27th December 2014. The book will be available for purchase at PKR 400 at all leading bookstores nationwide.

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# K-Electric: Leading the Way in Occupational Health & Safety

Sad but true, we are oblivious to safety & health in all facets of society with any untoward accident termed 'Allah Ki Marzi' (God's will). The same mindset had seeped into K-Electric (formerly KESC), even though the company, being a power producer, was performing one of the most hazardous jobs. The present management inherited a company devoid of any safety culture, nor were responsibilities and ownership defined at any level. With no clear vision, the company faced an unnecessarily high number of industrial accidents leading to fatalities and major injuries. Company HSEQ manual was developed as a primary guideline with subsequent procedures issued from time to time. Emergency Response Plans were developed for all assets and regular evacuation drills conducted to cultivate awareness amongst employees on emergency actions required in case of contingen-



to timely preventive actions. Lessons learnt were broadcast through company portal, and were included as a mandatory part of KE's safety training curriculum. The main thrust of HSE program was centred around

awareness sessions, while 105 senior and middle management employees are trained on regulatory requirements and performance standards. Safety Audits are conducted regularly and non-conformities are forwarded to departments for corrective action. All actions have resulted in reduction of accidents by 76%.

K-Electric's safety practices are recognized at a national level. Recently KE won the prestigious EFP – OSH&E award in the category of Oil, Gas & Energy Sector KE was also awarded the 'National Fire and Safety Award' jointly sponsored by National Forum for Environment and Health, and Fire Protection Association of Pakistan (FPAP) for the 3rd year running.

K-Electric has ensured Environmental compliance by meeting the conditionalities set forth by the IFC and other donor agencies. Environment trainings form major part of our training curriculum at our power generation plants. The effectiveness of the program can be gauged from the fact that we have won the 'National Environment Excellence award' for the 6th year running.

Health of employees being our top priority, a number of vaccination projects, with special emphasis on hepatitis eradication amongst children were carried out. This procedure saw our employees' Hepatitis – B cases reduce by 60%, whereas infectious diseases amongst children reduced by 40%

Accidents 76% reduction in employee accidents	
Assets 83% reduction in asset damage	Public Safety 82% reduction in public accidents
Hazard Reporting 54% increase in public reporting through 'Internet Safe Card'	

cies. Implementers to safe work were rewarded, whilst violators reprimanded through a transparent 'Safety Reward & Reprimand Programme'. An accident reporting procedure was introduced, and investigated to determine root cause leading

inculcating awareness amongst all workers on issues of safety. To this effect, training programs were developed, and both formal and informal trainings were given. Since July 2009, 25,000 employees – from all units, have gone through our sustained safety

# K-Electric's Unique Transformation & Value Creation Model Lauded at Harvard University

Harvard Business School and Harvard Kennedy School conducted a joint Case Study on K-Electric's (KE) turnaround strategy to holistically capture the unique public-private partnership model that was aimed at transforming the ailing power utility with a long public sector legacy. The Case Study was taught at the Harvard Business School and at several other business schools around the world as a unique example of how private sector investors can endeavor to make such a meaningful impact on sustainable development in emerging markets. KE's Chairman, Tabish Gauhar, addressed two classes at the Harvard Business School and presented the entity's turnaround story that revolves around a unique value creation model which ensures environmental, social and governance (ESG) gains as means to sustainable economic and financial value creation. Tabish Gauhar also explained to a 150+ diverse student community how at KE, sustainability goals work in harmony with operational and financial goals of the organizations, "We firmly believe that KE's own turnaround and sustainability is fundamentally linked to the economic, social and environmental gains for a diverse set

of our stakeholders. We have, therefore, adopted an all-inclusive value creation approach that goes beyond a one-dimensional shareholder value creation". Tabish Gauhar also informed the audience that under KE's Stakeholder Engagement and Enrichment Drives for Sustainability (SEEDS), a holistic value creation approach, the entity fully recognizes the impact of its performance in sustainable development across the stakeholders' universe, essentially driving four distinct programs – ESG Initiatives, Social Investments, Stakeholder Engagement and Thought Leadership. KE is one of the handful of companies in the emerging markets whose Integrated Sustainability Report was recently assigned a Level 'A' Rating by the international Global Reporting Initiative (GRI). KE is also one of the few companies in the region to have recently issued a comprehensive 5-year Climate Change Policy on the four key and inter-related themes of Energy Conservation, Energy Efficiency, Renewable Energy, and Environ-

ment. After consecutive years of posting annual losses, KE has recently seen a change in its fortunes thanks to its value creating approach and innovative management. In June 2014, the power producer closed the fiscal year with a profit of Rs12.8 billion and a surprise dividend for shareholders. From a company beset by rampant theft, network of rickety power lines and corruption, it has emerged as a benchmark for other Distribution Companies in Pakistan. Nearly 80 percent of cases used at business schools worldwide are developed by HBS faculty. HBS case studies have helped refine the skills and business judgment of tens of thousands of students, practitioners, and academics across the world. The School is continually expanding and refreshing course content as HBS faculty write new cases that span the globe, industries, disciplines, and organizational forms in the public, private for profit, and non-profit spaces.

KE's Chairman, Tabish Gauhar, addressed two classes at the Harvard Business School

# Financial Times and IFC Transformational Business Award 2014

K-Electric (KE) has become the only company in the energy sector to have won the prestigious Transformational Business Award 2014 in London, launched by Financial Times and IFC, a member of the World Bank Group. The FT and IFC Transformational Business Awards are an expansion of the FT/IFC Sustainable Finance Awards. The program highlights innovative, commercially viable and replicable products and services that address development needs in areas such as infrastructure, energy, food and water, education and health. It also recognizes the use of technology to empower the poor and efforts to reverse environmental and social degrada-

tion and efforts to promote gender diversity. KE has come a long way from being a loss making institution to a privatized profitable venture that has become one of the most successful turnarounds in the history of Pakistan. The company transformed itself competently by not only becoming profitable but also increasing the capacity of

electricity generation and establishing a more efficient electricity transmission system. The winners list depicts that businesses in developing countries are driving innovation and that the private sector is increasingly focused on projects that can have a long-term impact. Such awards provides companies a global platform to showcase their work, expand into new mar-

kets, and demonstrate that the toughest issues in developing countries can be addressed through sustainable and profitable ways. It is an honor for KE to have received this esteemed award from IFC. The award brings pride not only to KE but also to Pakistan. This award being organized by the leading international financial institutes highlights the credibility of the recognition. Awarded on its merits as a transaction with truly transformational social, economic, environmental and corporate governance benefits, KE promises to continue transforming Pakistan's energy sector while positively enriching the lives of over 23 million citizens of Karachi.

The award brings pride not only to KE but also to Pakistan. This award being organized by the leading International financial institutes highlights the credibility of the recognition.

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We extend best wishes to K-Electric management for further success and look forward to work with K-Electric on new ventures.

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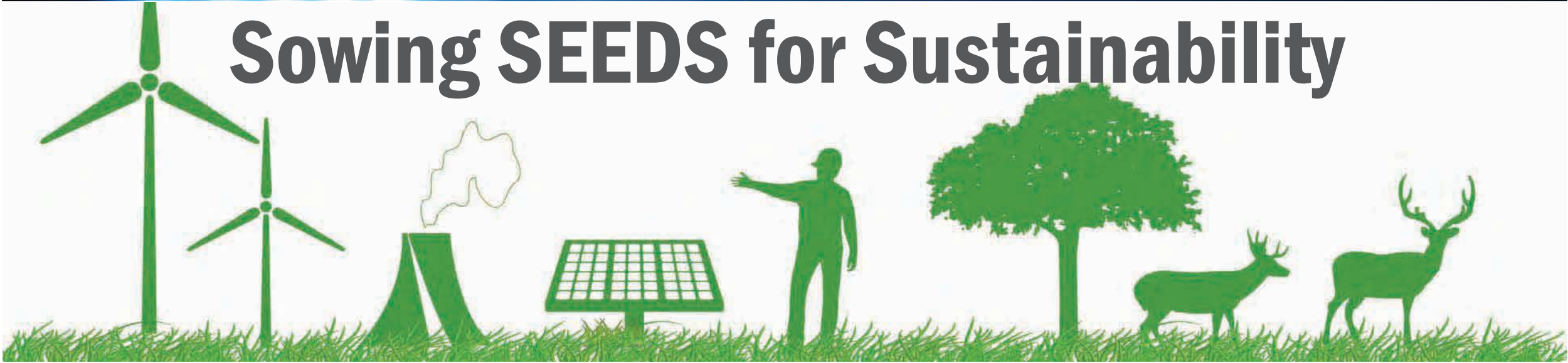
On this auspicious day, Meezan Bank would like to congratulate K-Electric for completing 5 years and wish them all the best for the future.

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Our sustainability policy revolves around economic value creation, essentially through social and environmental gains across our stakeholder universe. We firmly believe in integrating our corporate philosophy and operational performance to meet the expectations of our stakeholders. Our belief is that sustainability can be achieved by unlocking the value creation potential in an organisation. Good governance involves a journey and a commitment to an ethic of continuous improvement.

Since 2008, the present management has established many milestones for the organization, moving it through a transitional period that witnessed a plethora of reforms. This has earned the organization the respect of many financial and non-financial organizations, as well as many awards in the fields of safety, corporate social responsibility, improved management systems, and environmental

performance.

Apart from using our operational service for the benefit of the community, our employees themselves support the Social Investment Program by participating in various charitable and social uplift activities around the city. They regularly participate in the INJAZ Pakistan, TCF Rahbar and TCF Career Counseling programs, and also conduct Management Workshops to aid the capacity building of our Social Investment Partners. Also, 1000 of our employees got together during the floods of 2010/11 to organize the 4th largest nationwide corporate relief operation according to OICCI ratings. PKR 73 million was raised through donations from employees, external donors and foreign shareholders to provide relief to 30,000 IDPs.

Over 2000 hours were volunteered during 2014, which brings the total so far up to 150,000 hours. Next step in this regard is to scale up this program by bringing on board

a panel of NGOs working for the betterment of the city and providing these options to our employees in the form of a menu.

KE was one of the first privately owned entity to support the victims of the Kharadar fire incident, Abbas Town blast victims, Baldia Town tragedies and most recently the victims of the timber market fire. As an added gesture, KE waived the electricity bills of all the affectees for up to 6 months.

We aim to contribute to different platforms which include cultural events and festivals and the preservation of heritage. During 2014, sponsorship was provided to the National Academy of Performing Arts' International Theatre Festival and the All Pakistan Music Conference, Karachi. We have also been in constant contact with the Heritage Foundation and KMC to work towards a trilateral mechanism where the focus will be to preserve and uplift key heritage sites.

## SUSTAINED IMPACT



KE is providing  
**FREE**  
or subsidized electricity to 23 major hospitals and educational institutions

- Indus Hospital
- Marie Adelaide Leprosy Centre (MALC)
- Layton Rehmatullah Benevolent Trust (LRBT)
- Karwan-e-Hayat
- Sindh Institute of Urology & Transplant (SIUT)
- The Kidney Centre
- Behbud Association
- The Citizens Foundation (TCF)
- SOS Children's Village Khi
- Baitul Sukoon
- Lad Dufferin Hospital (LDH)
- APWA Ra'ana Liaqat Craftsmen Colony (RLCC)

One of the largest flood relief programmes executed in 2010 and 2011

Newly constructed TCF School built on land donated by KE

Social Investment Program reaches out to 8 million consumers.

KE's Sustainability report receives level A rating from Global Reporting Initiative

Need-based grants are given to employees, via fund pooled by KE leadership

## SEEDS - Stakeholder Engagement & Enrichment Drives for Sustainability

SEEDS is a holistic approach that fully recognizes the impact of our performance in sustainable development across our stakeholders' universe. A 360 degree value creation model, SEEDS essentially drives four distinct programs- ESG Initiatives, Social Investment Programs, Stakeholder Engagement and Thought Leadership.

We firmly believe that KE's own sustainability is fundamentally linked to the economic, social and environmental values that we create for a diverse set of stakeholders whom we serve and engage on a daily basis.



Investment of USD 1 billion injected

Induction of 232 Management Trainees

## CLIMATE CHANGE POLICY

KE's climate change policy acts as a compass in directing efforts to achieve environmental sustainability. We continue to develop policies and mechanisms to reduce our environmental footprint and improve our infrastructure in four ways:

- Increasing efficiency and reducing greenhouse emissions in our existing infrastructure
- Working to develop and promote renewable energy infrastructure

KE aims to expand current generation by 15 % through renewable energy over the next five years

- Advocating energy conservation amongst employees, customers and stakeholders
- Implementing emissions monitoring systems, material handling and waste material management systems in compliance with international environmental standards.

## Heartiest Felicitations to K-Electric on the Splendid Turnaround during the last 5 Years



Sign of confidence in quality

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We are pleased to be partners of K-ELECTRIC in the financial and operational turnaround achieved by KE under present management.

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Our best wishes and prayers are with KE Management for continued growth.



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## Recognition of K-Electric's Turnaround Success



K-Electric's transformational turnaround success has been recognized by local and international institutions



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FT / IFC Transformational Business Award for Project Finance - Energy  
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**FT/IFC  
Transformational Business  
Conference & Awards 2014**



CSR Corporate Social Responsibility Certificate of Excellence  
February 2014



Environment Excellence Award  
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MEMBERSHIPS INTERNATIONAL ORGANIZATION OF EMPLOYERS (IOE) GENEVA  
CONFEDERATION OF ASIA PACIFIC EMPLOYERS (CAPE)

Employers' Federation of Pakistan – OSH&E Award  
April 2014



Fire Safety Award  
2011, 2012, 2013



Annual Safety Leader Award  
KE in-house Safety Reward  
& Reprimand Procedure  
January 2014



NFEH Energy Leader Award  
May 2014

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# KE Initiatives to Handle Future Energy Needs

Since its privatisation to its turnaround, nothing came easy for the leadership. It was months of hard work, long working hours and their dedication to serve its large customer base that

KE today has managed to come this far as a utility. However, it would be wrong to assume our work here is done, it's the start of a new beginning. KE's efforts were not to boast its aptitude to succeed; its efforts were to set higher

benchmarks in the industry in governance, management, customer service, environmental sustainability Health and Safety to be able to serve their customers better.

Nevertheless the work of the leadership does not end

here. The task was not to turn KE into a profitable utility alone; the task is to ensure sustainable solutions, serving its consumers for the years to come. Our strategic objective is to continue serving its residents and provide effective solutions for the demands of the

ever expanding population.

A number of initiatives are being undertaken by KE, forecasting the growing energy need of the country. As the sole energy providing utility for the city of Karachi, parts of Sindh and Baluchistan, it is imperative for KE to

take momentous steps in meeting future energy needs.

With the management's vision focusing on diversifying its fuel mix, K-Electric is committed to developing a sound portfolio of conventional and renewable energy. KE is continuously working

towards improving the energy infrastructure and simultaneously doing playing a vital role to introduce clean renewable energy in Pakistan. KE leadership is focused expanding generation capacity on existing power plants while on the other

hand setting up new power plants and finding alternative energy solutions.

KE has already invested about \$1 billion in Pakistan, KE is committed to bring in further investment to the country and plans to invest \$2 billion in the energy sector.

## KE's Upcoming USD 2b Investment Plan

Project	Investment
Greenfield Coal 660MW	\$ 1000 million
Coal Conversion	\$ 400 million
Capacity Enhancement (CCPP/GEJB)	\$ 95 million
Gas Generation (LNG Plant)	\$ 200 million
Transmission Package	\$ 270 million
Distribution Initiatives	\$ 200 million
<b>Total Investment</b>	<b>\$ 2,165 million</b>

**185 MW**  
New Wind and Solar Power initiatives

**2x50 MW**  
Gas-fired plant with Sindh Nooriabad Power Company

**225 MW**  
LNG-fired power plant with Engro Powergen and GE

**52 MW**  
Coal-fired plant with Fauji Fertilizers Bin Qasim

**15 MW**  
Waste to Energy project with Bahrain company

## BQPS-I: 420MW Coal Conversion Project

To meet future energy needs, diversify its fuel mix, and provide cheaper electricity to its consumers by reducing its cost of generation, KE is converting two units (2x210MW) of BQPS-I into coal fired plants. This conversion project is under an IPP structure where an EPC contract has been signed between Harbin Electric International (HEI) of China and K-Energy, the SPV formed for Project implementation. The project will take 32 months in construction time and to be up and running by the first quarter of 2018. The total cost of this project is up to \$400 Million; Generation Licence has already been applied for by project company K-Energy.

### Greenfield 660 MW:

KE has initiated project development for a Greenfield coal fired power plant to be strategically located at Port Qasim. KE and CMEC have entered into an MoU regarding the development of the Project. HBL will be the lead advisor for the project.

The total cost of this project will be up to \$1 billion and is expected to be completed by early 2019.

## Opportunity to Further Enhance Operational Efficiency

### Key Generation Initiatives In Place

- Conversion of 400 MW of existing "furnace oil" capacity into coal-fired plants
  - Structured as an IPP – draft PPA with the newly formed IPP being reviewed
  - Expected to be completed by 2017
  - Coal Conversion project to save up to \$7 billion in foreign exchange over its life.
- Conversion of 2 existing fully operational open cycle plants (220 MW and 180 MW GE JB) to combined cycle
  - Additional capacity of 47.5 MW and increase in fleet efficiency

### Key Business Development Strategic Initiatives

<b>Coal Conversion BQPS-1 420 MWs</b>	<ul style="list-style-type: none"> <li>• To provide cheaper electricity to its consumers by reducing its cost of generation, KE is converting two units (2x210MW) of BQPS-1 into coal fired plants.</li> </ul>
<b>Thar Coal Project</b>	<ul style="list-style-type: none"> <li>• Thar Coal is one of the country's largest lignite reserves</li> <li>• Joint Development Agreement with Oracle Coalfields for a 300 MW coal-fired plant</li> </ul>
<b>Hydro Power</b>	<ul style="list-style-type: none"> <li>• MoU with the Laraib Group with a view to procure power from the 640 MW Azad Pattan Project and the 250-300 MW Ashkot Project</li> </ul>
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>• As part of its Climate Change Policy, K-Electric is also engaged with wind and solar power developers for the addition of renewable energy into its portfolio</li> </ul>
<b>LNG Import</b>	<ul style="list-style-type: none"> <li>• Opportunity to import up to 200mmcf/d of LNG – currently awaiting decision by the Economic Coordination Committee regarding new process for LNG import</li> </ul>
<b>CMEC-KE Coal Project</b>	<ul style="list-style-type: none"> <li>• MoU with CMEC for the co-development of a greenfield coal fired power plant – first ever project conceived in the country by any private utility company</li> <li>• Project will enhance generation efficiency, fuel diversification and reduce the cost of generation</li> </ul>

## KE INITIATIVES

KE is working alongside the Government of Sindh on a number of projects including alternate energy projects that will help generate additional units of energy. With the growing public demand it is imperative to secure for a brighter future for the generations to come. Major projects include gas-fired plant with Sindh Nooriabad Power Company for 100 MW along with other initiatives such as coal and other renewables.

Faysal Bank  
congratulates  
**K-Electric** on  
**5th anniversary** of  
turnaround initiative



Faysal Bank Limited congratulates the Management Team, Employees, Shareholders of K-Electric Limited, and the People of Karachi.

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## CONGRATULATIONS



MicroTech congratulates K-Electric management for acting as a catalyst of change and improving power needs of the city



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# KE Marcomms: Reaching out to the People

## Pride of Karachi Award Ceremony

KE and Karachi are synonymous with one and other contributing significantly towards our national GDP and besides our primary role, sustainability management remains at the heart of our vision and mission.

Celebration meant nothing to us if it wasn't celebrated with the heroes of Karachi (sung or unsung) hence our humble endeavour to establish the 'Pride of Karachi Awards Ceremony' to uniquely honour and salute them by providing 'Free lifetime power supply' to our national heroes who have tirelessly and selflessly worked to put Pakistan on the map and to uplift different spheres of life. The event commenced with the unveiling of our new identity by the honourable Governor Sindh – Dr Ishrat ul Ebad Khan & Chairman KE – Mr. Tabish Gauhar.

Heroes rewarded are Arshad Abdullah, Habib Fida Ali, Marjorie Hussain, Shahid Sajjad, Abdul Sattar Edhi, Akhtar Hameed Khan, Dr. Adib Rizvi, Hakeem Muhammad Saeed, Dr. Nadira Panjwani, Sr. Ruth Lewis, Sr. Ruth Pfau, Zubeda Dossal, Amar Jaleel, Jaun Elia, Mushtaq Ahmed Yousfi, Zehra Nigah, Mehdi Hassan, Moin Akhatr, Naseeruddin Sami, Zia Mohyeddin, Anwar Muhammad Khan, Hanif Muhammad, Jahangir Khan and Muhammad Yusuf.



## Sports

Since the management change the scope of the KE sports department has increased, from the management of our professional football and cricket teams, to also include the grassroots development of sports in the troubled areas of Karachi. The aim is to divert disenfranchised youth towards more positive outlets and increase the national profile of sports.

The KE football team currently ranks 1st among Pakistan football teams and are reigning champions in the Pakistan Premier League. The team will now represent Pakistan in the Asian Confederations Cup.



KE's voice has appeared 5,305 times in the media in FY13-14

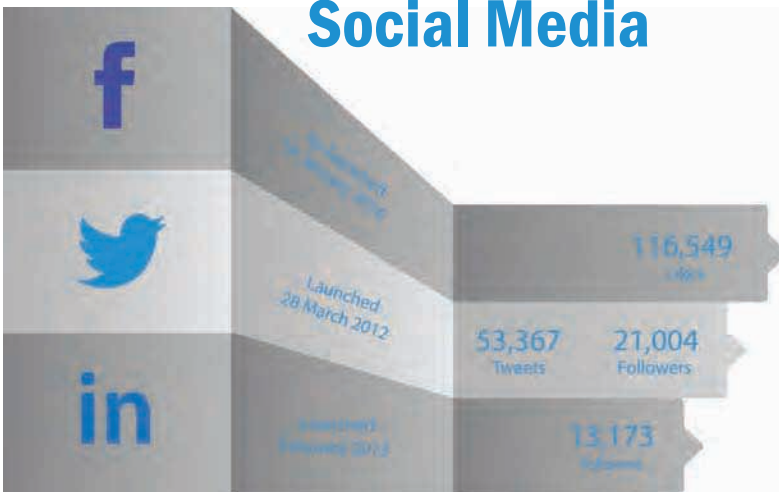


The media and PR team has continued to hold interactive dialogues with the media and over the last twelve months managed to place KE's voice 5,305 times in the form of news tickers, news clips, news reports, talk shows, beepers and interviews on 14 prominent news channels. Out of this number, almost 70% have been positive or either neutral which, given the nature of KE's work and the Pakistani media, is no small feat. Apart from the usual media presence through digital, print and electronic, radio presence has also been established where KE's spokesperson has given interviews on radio channels over different topics. Media's role in the power sector has evolved to become more critical and responsible towards issues related to the sector.

KE has played a critical role to educate and create awareness amongst the media on different micro and macro aspects like distribution of 2.7 million free energy savers under the umbrella of Prime Minister's Energy Saving Programme to reduce power consumption by 107 MWs across Karachi, successfully arranged the coverage for low-cost one-stop shop project with distribution strategy teams; ABCs, raised its voice on media regarding anti-theft raids with FIA teams against electricity thieves, Bait-ul-Sukoon Cancer Hospital to receive free electricity and about the provision of free electricity to SOS Children's Village Karachi among other important issues.

70% of positive media coverage, given the nature of KE's work and the Pakistani media, is no small feat.

## Social Media



KE is actively present on social mediums focusing on Facebook, Twitter, LinkedIn and Vimeo to allow direct and real-time interaction with our consumers, making us the first utility sector Company in Pakistan to utilise these mediums for complaint resolution, consumer queries and, at the same time, keeping the public informed.



Logo Rationale: Words like 'supply' and 'company' are primitive, the name should be simple and neat whilst the challenge was to come up with a name and logo that didn't shy away from our legacy and yet reflected our patriotism, vision, mission and values.

Feathers in our identity have been inspired by our national bird 'Partridge', Pakistan flag green for 'corporate' Orange for 'energy' blue for 'community' and green for 'environment' followed by a strap-line 'energy that moves life' to compliment the overall scope and identity.

Given the overall scale of our organisation, the internal and external execution of the Rebrand was an enormous task and a unique opportunity that entailed over 3,000 collaterals, branding at 386 KE locations and all this was to be unveiled on the same day that was managed through joint collaboration between dedicated teams from KE and Interflow Communications.

## HEARTFELT CONGRATULATIONS ON SUCCESSFUL TURNAROUND OF K-ELECTRIC (FORMERLY KESC)

We at Orient Energy Systems (Pvt.) Limited are honoured to be part of the K-Electric success by supplying 180 MW power solution using GE Jenbacher Gas Engine for K-Electric's Korangi and Site Power Stations.



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# KE: A Unique Transition Against All Odds

Since its privatization K-Electric has come a long way. A focused approach on key strategic objectives helped KE come so far. For a company like K-Electric customer service and consumer satisfaction are key factors in ensuring success. Second to these objectives is firm governance of their core functions such as generation, transmission and distribution. KE before its privatization

From Losses of Rs15.5 bn in FY 2008-09  
KE posted a profit of  
Rs 12.8 bn in FY 13-14

was in complete shambles, it faced issues of electricity theft, revenue collection, public fatalities and customer service. However, it has made its mark and proved itself worthy of praise. It has recently been honoured with the prestigious FT/IFC Transformational Business Award for exceptional achievement in Project Finance – Energy. KE became the only company in the energy sector to have won the interna-

tional award recognising KE's financial achievements in the field. The award was in recognition to the use of technology, empowering the poor, reversing environmental and social degradation and promoting gender diversity. Truly, KE has come a long way from being a loss making institution to a privatised profitable venture that has become one of the most successful turnarounds in the history of Pakistan.

**Before Privatisation**

KE was privatized in November 2005. After the privatization, Government of Pakistan retained 25.66% of equity stake while the investors' consortium led by Al-Jomaih Group purchased 73% shares of KE. The consortium subsequently hired Pakistani division of Siemens, the German manufac-

turing company, to run the organization on day to day basis. However, despite their best efforts, the new owners struggled and it was then the consortium approached Abraaj Group to take over. Prior to Abraaj takeover in 2009, KE was in both operational and financial disarray. The company posted a net loss of PKR15.5 billion for FY2009 translating into a monthly financial loss of approx. PKR1.3 billion, T&D losses of approximately 35.9 % along with heavy aggregate technical and commercial losses, making the organization barely a going concern.

**THE ABRAAJ GROUP Takeover**

Abraaj committed USD361 million equity injection to kick start the transformation process while the government committed USD 125million to maintain the existing equity stake in the company. The focus of this investment was on efficiency gains through new generation capacity, improved transmission and distribution networks, reduction in technical & distribution losses and inculcation of a corporate culture fully geared to deliver the desired level of service & quality.

Right after takeover  
Abraaj Group committed \$ 361 Mn to kickstart transformation, but exceeded its initial commitment and made total investment of \$ 1 Bn... now further \$ 2 Bn will be invested in near future

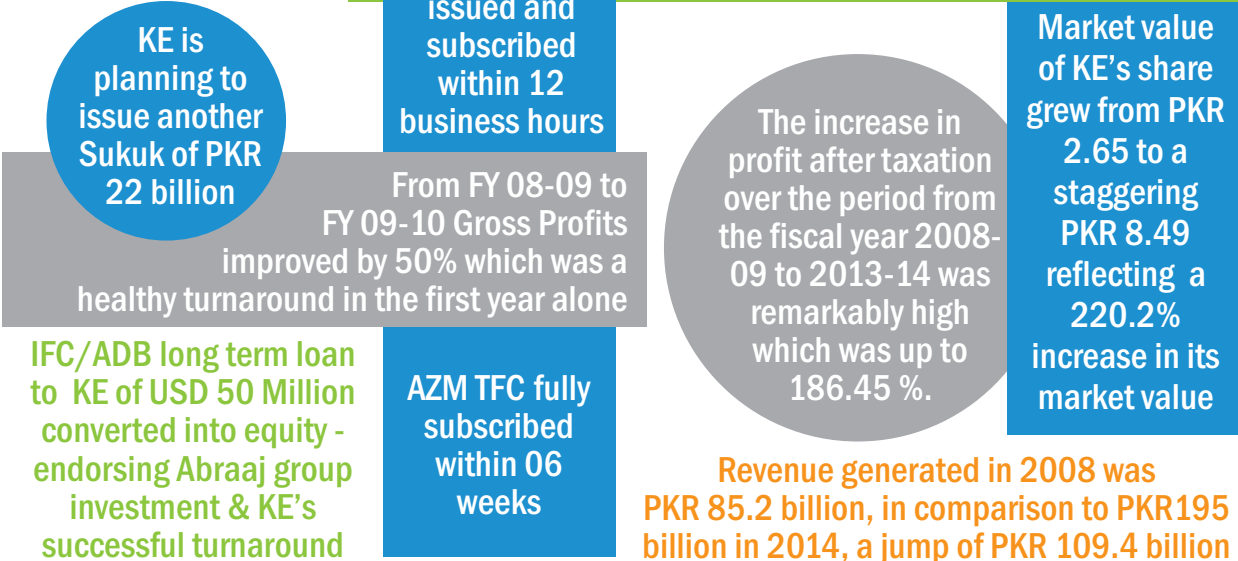
A comparison of KE's financial position today and in 2008 is a fair way of judging their progress over the years. Interestingly, in 2008-09 total units generated were 8,262 million units and in 2013-14 it seemed as if they have increased by a very small portion, up to 8709 million units. On the contrary it is important to note that it was due to addition of new plants they have been able to meet the energy demands without facing any load shed. Back in 2008, KE was generating huge losses, however today they are a profit making entity. The change is observable in their T&D losses.

**Financial Highlights**  
KE returned to profit in 2012 after 17 years of losses and has remained profitable for 10 consecutive quarters

The percentage increase in revenue is 128.5% compared to 2008; a commendable increase in a span of 6 years since Abraaj's takeover. The profits can be explained by two factors; one is substantial improvement in T&D Losses and second, the investment in efficient power generation that added generation of 1010 MW effectively increasing units sold for steady revenue in the long run and increased fleet efficiency. The figures of profit reflect quite a success story

for KE, in a very short span of time which is why the Harvard Business School teaches KE as a case study on serious turnarounds of failing businesses around the globe. A company's share price reflects its response to qualitative and quantitative factors; higher profits or speculations. In KE's case, at the time of Abraaj's takeover, loss per share was PKR (1.18), reflecting a failing business. However, in year 2014 earnings per share rose to PKR 0.47 reflecting a total increase of PKR 1.65 in true value. Its market value grew from PKR 2.65 to a staggering PKR 8.49 which reflects 220.2% increase in its market value.


**SUMMARY**  
To summarise our assessment of the 6 year financials, it would be fair to say KE has managed to produce healthy figures over the years and that too in a very short span of time. Its efforts in gathering capital investment, its innovative efforts in efficient power generation and most importantly taking into consideration all key factors such as finance, environment, technology, sustainability and reaching the masses, KE has set a benchmark of excellence in winning the IFC transformational business award. As a profit making entity strict control is pivotal and KE will continue to make thorough efficiency improvements, effective long term decision making and effective long-term planning in compliance with all local and foreign standards.



HBL

Jahan Khwab, Wahan HBL

Congratulations



KE  
Energy That Moves Life

for a remarkable 5 year performance.  
HBL is proud to have been associated with K-Electric  
in this continued journey towards excellence.  
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