ANNUAL REPORT 2018

POWERING KARACHI
EMPOWERING THE NATION

KE
Energy That Moves Life

POWERING KARACHI EMPOWERING THE NATION

K-Electric (KE) has powered Karachi for over one hundred years. It is the only vertically-integrated power utility in Pakistan, managing all three key areas – Generation, Transmission and Distribution – of producing and delivering energy to consumers. Through a network spanning 6,500 km^2, KE supplies power to all residential, commercial, industrial and agricultural areas that fall under Karachi and its surrounding areas, serving over twenty-two million people.

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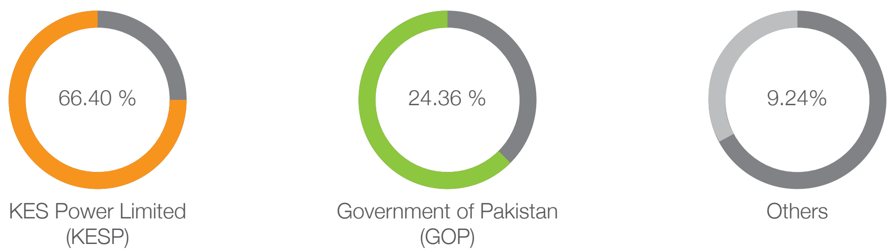
COMPANY PROFILE

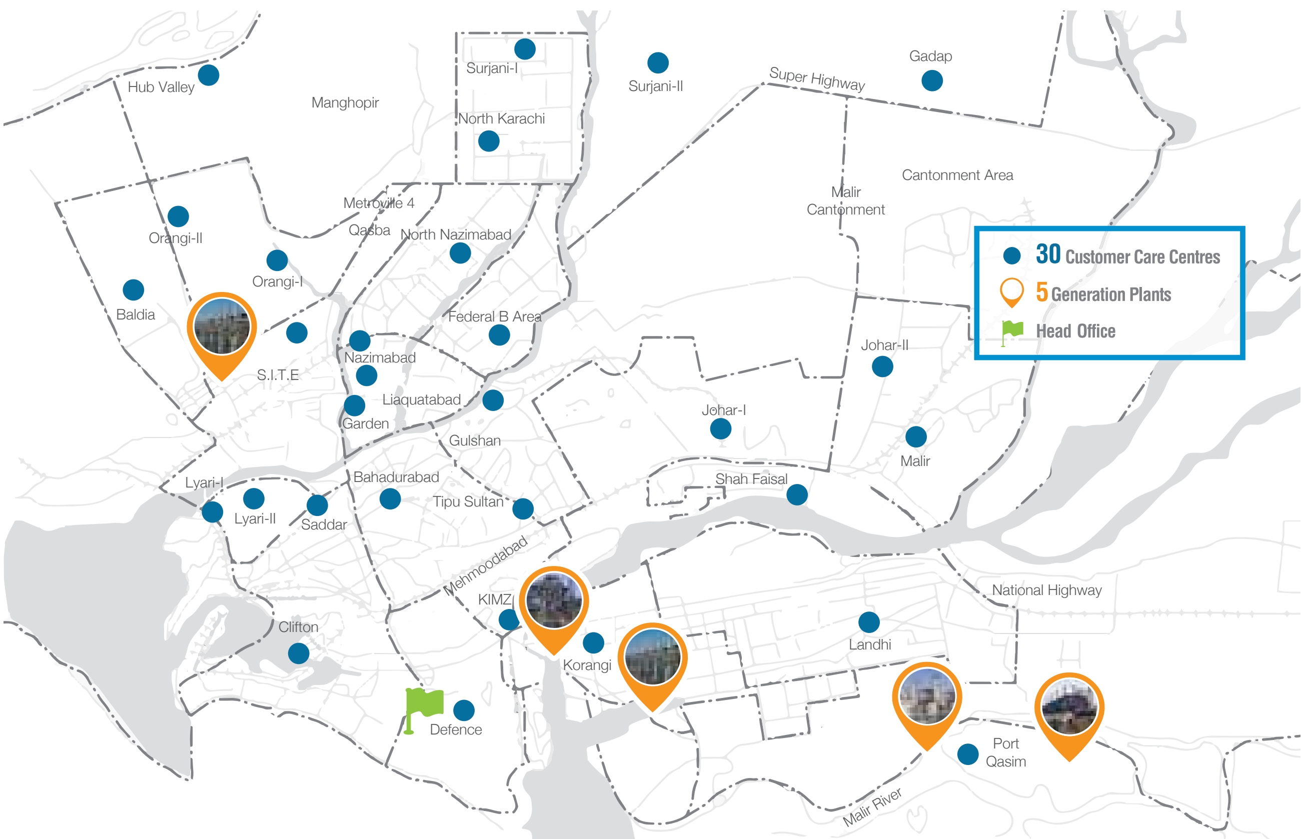
K-Electric, formerly known as the Karachi Electric Supply Corporation, was established on September 13, 1913, to meet the power needs of Karachi. When new management took the reins in 2009, it proved to be the advent of a new age for the organisation and for Karachi.

Value creation was introduced at every level of operations, including environment, social, and governance policies. The organisation posted a profit for the first time in 17 years in 2011-12, and was rebranded under its current name of K-Electric in 2014. As of today, over 70% of Karachi is load-shed free and Transmission and Distribution losses have decreased by 15.5% points from 2009 to 2018.

Like the city it serves, K-Electric has come a long way in the past one hundred years. In our second century, we aim to become a regional leader among utilities and an example of global excellence in energy provision.

Holding Structure of the Company:





With KE's five power plants and 30 Customer Care Centres spread throughout the city and its surrounding areas, the organisation has taken multiple steps over the years to bring itself closer to its customers.

COMPANY INFORMATION

Board of Directors (BOD)

Ikram Ul-Majeed Sehgal	Chairman
Syed Moonis Abdullah Alvi	CEO
Khalid Rafi	Independent Director
Adeeb Ahmad	
Ch. Khaqan Saadullah Khan	
Dr. Ahmed Mujtaba Memon	
Jamil Akbar	
Mubasher H. Sheikh	
Muhammad Abid Lakhani	
Riyadh S. A. A. Edrees	
Ruhail Muhammad	
Shan A. Ashary	
Waseem Mukhtar	

Board Audit Committee (BAC)

Khalid Rafi	Chairman
Ch. Khaqan Saadullah Khan	Member
Mubasher H. Sheikh	Member

Board Human Resource & Remuneration Committee (BHR&RC)

Khalid Rafi	Chairman
Shan A. Ashary	Member
Syed Moonis Abdullah Alvi	Member

Board Finance Committee (BFC)

Shan A. Ashary	Chairman
Ch. Khaqan Saadullah Khan	Member
Khalid Rafi	Member

Board Strategy & Projects Committee (BS&PC)

Khalid Rafi	Chairman
Ch. Khaqan Saadullah Khan	Member
Shan A. Ashary	Member
Syed Moonis Abdullah Alvi	Member

Board Risk Management & Safety Committee (BRM&SC)

Khalid Rafi	Chairman
Dr. Ahmed Mujtaba Memon	Member
Mubasher H. Sheikh	Member
Syed Moonis Abdullah Alvi	Member

Chief Financial Officer

Muhammad Aamir Ghaziani

Chief People Officer & Company Secretary

Muhammad Rizwan Dalia

Chief Internal Auditor

Asif Raza

Legal Adviser

Abid S. Zuberi & Co.

External Auditors

M/s. A.F. Ferguson & Co.
M/s. BDO Ebrahim & 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

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Bank Islami Pakistan Limited
Bank of Punjab
Bank of China Limited, Shanghai Branch
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
First Women Bank Limited
Habib Bank Limited
Industrial & Commercial Bank of China Limited
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Soneri Bank Limited
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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www.ke.com.pk
UAN: 111-537-211

K-Electric KElectricPk @KElectricPk KElectricPk KElectricPk www.ke.com.pk KE Live

Attendance in BOD Meetings - FY 2018

S. No.	Name	Number of meetings held [1]	Number of meetings attended
01	Waqar Hassan Siddique	6	5
02	Muhammad Tayyab Tareen	6	6
03	Nayyer Hussain	6	4
04	Khalid Rafi	6	6
05	Mubasher H. Sheikh	6	4
06	Shan A. Ashary	6	6
07	Ch. Khaqan Saadullah Khan	6	6
08	Omar Khan Lodhi	6	1
09	Dr. Aamer Ahmed	6	6
10	Muhammad Zubair Motiwala	6	6
11	Aziz Moolji	6	1
12	Frederic Sicre	6	3
13	Muhammad Anwer Shaikh	5	-
14	Dr. Ahmed Mujtaba Memon*	1	1
15	Syed Moonis Abdullah Alvi*	1	1

* Dr. Ahmed Mujtaba Memon replaced Anwer Shaikh in June 2018.
* Syed Moonis Abdullah Alvi appointed Director / CEO in June 2018.
1. Meetings held during the period, when concerned Director was on the Board.

Attendance in BAC Meetings - FY 2018

S. No.	Name	Number of meetings held [1]	Number of meetings attended
01	Khalid Rafi	4	4
02	Aziz Moolji	2	-
03	Ch. Khaqan Saadullah Khan*	2	2
04	Mubasher H. Sheikh	4	4
05	Nayyer Hussain	4	3

* Ch. Khaqan Saadullah Khan replaced Aziz Moolji in December 2017
1. Meetings held during the period, when concerned Director was on the Board.

Attendance in BHR&RC Meetings - FY 2018

S. No.	Name	Number of meetings held	Number of meetings attended
01	Omar Khan Lodhi	1	1
02	Muhammad Tayyab Tareen	1	1
03	Shan A. Ashary	1	1

Attendance in BFC Meetings - FY 2018

S. No.	Name	Number of meetings held	Number of meetings attended
01	Shan A. Ashary	2	2
02	Aziz Moolji	2	-
03	Muhammad Tayyab Tareen	2	1
04	Nayyer Hussain	2	2

No Board Meeting was held outside the Country by the Company during the year.

CHAIRMAN'S MESSAGE & REVIEW

Ikram Ul-Majeed Sehgal
Chairman

Dear Shareholders,

Growing alongside the city and the people it serves, K-Electric remains committed to powering Karachi and its surrounding areas. Serving over twenty-two million people across an area of 6,500 km^2 is certainly not without its set of unique and formidable challenges. KE nevertheless continues to actualise its vision to power Karachi and in doing so empower Pakistan via continued investments across the generation, transmission and distribution businesses.

The Company was able to begin treading the path towards sustainable progress by implementing various efficiency and development programmes which since privatisation, have enabled KE to grow and prosper. The power utility has continued to reinvest all earned profits back into its operations in order to grow and has deployed the latest technologies to strengthen the speed and transparency of its business operations. Due to these steps, today over 70% of the area KE serves, is free from load-shed with complete exemption for industries. The power industry regulator, National Electric Power Regulatory Authority (NEPRA), in its "State of Industry Report 2018" has acknowledged KE's performance improvements over the preceding year, in terms of attracting more customers, reducing Aggregate Technical and Commercial (AT&C) losses and enhancing distribution capacity during the last 10 years as well as for ensuring a high recovery ratio of 91%. The report stated that loss reduction initiatives including the use of Aerial Bundled Cable (ABC) enabled KE to mitigate its losses and noted the 9% growth in consumer base from 2016 to 2017, and 6.5% growth between 2017 to 2018. In fact, K-Electric's successful transformation following privatisation appears to have played a role in the recommendation that privatisation of state-owned DISCOS must be given serious consideration to strengthen the power sector.

From the field force to the Leadership, KE management and staff are unified towards serving our customers, their dedication and diligence is the bedrock of our organisation's transformation and growth. A company is only as good as the performance of its employees and there is no doubt that our employees have been outstanding in their commitment to our shared goal of powering Karachi and empowering the economy. This dedication drives the team to serve 24/7, despite searing heat and torrential rains and even at times when negative publicity from vested interest parties creates an adverse perception of the Company.

Beyond the provision of power and the day to day routine; KE is committed to the socio-economic betterment of the communities that it works with. More than 5,000 Pole-Mounted Transformers (PMTs) have been converted to Aerial Bundled Cables under the UJALA project, ensuring reliable and consistent energy supply to more than 5,000,000 people and reducing power theft. K-Electric supports 16 leading philanthropic organisations operating in the areas of health and education, with free or subsidised power, thus enabling them to focus their resources towards serving those who need support the most.

It is a privilege to be part of the accomplished corporate team at the helm of this resilient and forward-looking organisation. With a clear vision to power the economic and manufacturing hub of Pakistan, and a commitment to continue investing and growing with the city, KE will InshaAllah, be a catalyst for the country at large. As a strategic asset KE is a force-multiplier for Karachi, its surrounding areas and most of the country.

CEO'S MESSAGE

As Pakistan's only vertically integrated power utility, K-Electric's transformation is unprecedented. The Company has delivered on its promise to power Karachi and its neighboring areas with the dedication of its employees, best business practices, strengthened financial controls and substantial investments across the entire power value chain.

From 2009 to 2018, over USD 2.1 billion has been invested in re-building and modernising infrastructure. This has translated into addition of 1,057 MW in Generation capacity. Transmission and Distribution capacity has been enhanced by 29% and 60% respectively, and over 7,500 PMTs have been converted to Aerial Bundled Cabling as of date. Further, Transmission & Distribution losses have also been brought down to 20.4% as of 2018. Our ambition to grow along with the city we serve remains constant, underpinned by our commitment to power the socio-economic growth of Karachi. KE further plans to invest around USD 3 billion across the Generation, Transmission and Distribution businesses over the next four years, which would see the introduction of coal and RLNG-based power plants.

Additionally, KE continues to harness emerging digital technologies to keep customers updated with power supply situations, respective to their areas. We proactively push information on various platforms and take pride in being increasingly accessible to customers through Facebook and Twitter, in addition to 8119 SMS and 118 call centre. The Company has also recently launched a first of its kind among Pakistani utilities, mobile application which enables seamless contact between KE and customers.

Safety and Respect for the environment are the heart of our business, not just for our employees, but also for the communities and customers we serve. From our Regional offices to power plants, every employee undergoes enhanced training to ensure that a safety-first culture permeates across the organisation and is reflected by our actions and behaviour. This is a journey that continues to progress through the harnessing of technology as a safeguard and by strengthening the rigour of our processes. KE consistently advocates that safety is a collective responsibility and continues to strive for an external environment, which is based on principles of urban development and for all stakeholders to realise their due role in building towards and maintaining a resilient and safe city for all.

KE also prioritises and drives awareness on the importance of energy conservation and efficiency and the reduction of CO_2 emissions. It is a source of great pride that Bin Qasim Power Station II (BQPS-II) is the first power plant in Pakistan to be ISO 50001 certified for energy management systems.

Before ending my review, I wish to thank all our stakeholders, especially our customers, for their support of KE for over one hundred years. Regardless of the suite of challenges we face, many of which are external, our commitment to our city and our customers is unwavering. Our long-term vision is based on providing our customers with an enhanced mix of cost-effective and efficient energy supply. By powering our customers, we will play our part in growing Karachi and developing the economy of Pakistan.

Syed Moonis Abdullah Alvi
Chief Executive Officer

OUR VISION

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

OUR MISSION

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

NOTICE OF 108TH ANNUAL GENERAL MEETING

Notice is hereby given that the 108th Annual General Meeting (AGM) of K-Electric Limited will be held at Pearl Continental (PC) Hotel, Grand Ball Room (Ground Floor), Club Road Karachi on Monday, November 04, 2019 at 10:30 a.m. to transact the following business:

Ordinary Business

1. To confirm minutes of the Annual General Meeting (AGM) held on July 30, 2019.

2. To consider, approve and adopt the annual audited financial statements of the Company (with the Directors' and Auditors' Reports thereon) for the year ended June 30, 2018.

3. To appoint Auditors for FY 2018-19 and fix their remuneration.

4. Any other business with the permission of the Chair.

By order of the Board

Muhammad Rizwan Dalia
Chief People Officer & Company Secretary,
K-Electric Limited

Karachi, October 12, 2019

Note:

(i) The Share Transfer Books of the Company, for the purpose of attending AGM, will remain closed from October 29 to November 04, 2019 (both days inclusive). Transfer received at CDC Share Registrar Services Limited (CDCSRSL), CDC House 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 by the close of business on October 28, 2019 will be treated in time.

(ii) A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A proxy must be a member of the Company.

(iii) Duly completed forms of proxy must be deposited with the Company Secretary at the KE **Corporate Affairs Department, First Floor, Block-A, Elander Road Power House, Off I.I. Chundrigar Road, Karachi-74200** no later than 48 hours before the time fixed for the meeting.

(iv) Shareholders (non-CDC) are requested to promptly notify to the Share Registrar of the Company, **CDC Share Registrar Services Limited (CDCSRSL), CDC House 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400** of any change in their addresses. All the shareholders holding their shares through the CDC are requested to please update their addresses with their participants.

CDC account holders will further have to follow the undermentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

A. For Attending the Meeting

(i) In case of individuals, the account holders or sub-account holders, whose registration details are uploaded as per the regulations shall authenticate his/her identity by showing his/her **ORIGINAL** CNIC or **ORIGINAL** passport at the time of attending the meeting.

(ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies

(i) In case of individuals, the account holders or sub-account holders, whose registration details are uploaded as per the regulations shall submit the proxy form as per the below requirement.

(ii) Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(iii) The proxy shall produce his/her valid ORIGINAL CNIC or ORIGINAL passport at the time of the meeting.

(iv) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

(v) The proxy form must be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

(vi) If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

C. Postal Ballot

Members may exercise their right to vote by means of postal ballot i.e. by post or through electronic mode subject to the requirements of section 143-145 of the Companies Act 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.

Video Conference Facility

Company may provide video-conference facility during the meeting to members collectively holding 10% or more shareholding and considering geographical dispersal of its members and availability of such facility in that city, as per the applicable SECP law, provided their consent to participate in the meeting through video conference receives at least 10 days prior to date of meeting. In order to avail this video-conference facility, the following information needs to be provided to Company's Share Registrar:

I / We, ______________________ of ____________________ being a member of K-Electric Limited, holder of ________ ordinary shares as per registered Folio No. / CDC Account No. ___________ hereby opt for video conference facility at ___________________________.

____

Signature of member

Availability of Audited Financial Statements on Company's Website

The audited financial statements of the Company for the year ended June 30, 2018 have been made available on the Company's website (www.ke.com.pk).

Payment of Dividend through Electronic Mode (Mandatory)

Pursuant to Section 242 of the Companies Act 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Members are, therefore, requested to provide mandatory information duly signed, along with a copy of valid CNIC to their respective Participant/CDC Investor Account Services in case of Book Entry Form, or to Company's Share Registrar (CDCSRSL) in case of Physical Form at the earliest. Dividend Mandate Form is available at Company's website: http://www.ke.com.pk.

Submission of copy of CNIC / NTN Certificate (Mandatory)
Members are requested to please provide valid copy of CNIC / NTN Certificate to their respective Participant/CDC Investor Account Services in case of Book Entry Form, or to Company's Share Registrar (CDCSRSL) in case of Physical Form, duly quoting thereon Company's name and respective folio number.

Deduction of Tax on Dividend – Finance Act 2019
Pursuant to the Finance Act 2019, applicable rates of deduction of Income Tax under section 150 of Income Tax Ordinance 2001 on dividend payments will be as follows:

i.	For those who file income tax return	15%
ii.	For those who do not file income tax return	30%

In order to process any future dividend payments in accordance with the tax payment status, the shareholders are requested to update their tax paying status (filer / non-filer) and provide NTN number and other related information duly signed, to their respective Participant/CDC Investor Account Services in case of Book Entry Form, or to the Company's Share Registrar (CDCSRSL) in case of Physical Form. Shareholders who hold shares jointly are requested to provide shareholding proportions of Principal Shareholder and Joint Holder(s) in respect of shares held by them to Company's Share Registrar.

Please note that non-receipt / non-availability of above information would result in treatment of that shareholder as "non-filer" and will, therefore, be subject to deduction of 30% tax on dividend payments as and when declared by the Company.

Dissemination of Annual Audited Financial Statements and Notice of Meeting on CD
Pursuant to SECP's SRO dated May 31, 2016 and in accordance with the special resolution passed by shareholders of the Company at AGM held on September 19, 2017, the Annual Audited Financial Statements for FY2018 are being disseminated to the members through CD. However, a shareholder may submit a written request for provision of a hard copy of the said financial statements. Requisite Form is available at the Company's website: http://www.ke.com.pk.

Transmission of Annual Audited Financial Statements and Notice of Meeting through Email (Optional)
Further, pursuant to SECP's SRO dated September 08, 2014, members desirous of having Company's financial statements / Notice of Meeting through email are requested to fill-in the requisite form available at the Company's website: http://www.ke.com.pk.

BOARD OF DIRECTORS

Ikram Ul-Majeed Sehgal

Chairman

With more than 40 years of business experience, Mr. Sehgal is Chairman Pathfinder Group Pakistan, employing several thousand people in 50 towns and cities across Pakistan. While serving in the Pakistan Army, Ikram Sehgal was the first Pakistani PW in history to escape from an Indian PW Camp and he got a battlefield promotion to the rank of Major on December 13, 1971. He holds a Commercial Pilot License. Author of several books (including "Escape from Oblivion" published by Oxford University Press in 2012), Mr. Sehgal has served on many Boards, including Bank Alfalah for 16 years. Foundation Member of the World Economic Forum (WEF) since 1997 and a Director EastWest Institute (EWI) USA for the last 9 years, Mr. Sehgal is also Chairman Karachi Council on Foreign Relations (KCFR) and Vice President Council of Pakistan Newspaper Editors (CPNE). He organises the renowned Pakistan Breakfast every year at the WEF Annual Meeting at Davos for the last 18 years.

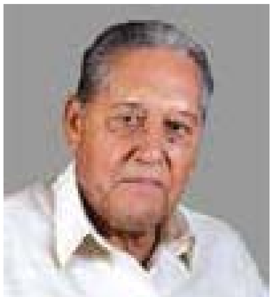
Syed Moonis Abdullah Alvi

Chief Executive Officer

Mr. Moonis Alvi was appointed CEO and Board member of the Company in June 2018. Mr. Alvi has more than 28 years of diversified experience in the finance industry, with a focus towards driving operational efficiencies, financial planning and capital restructuring. Mr. Alvi joined K-Electric in 2008 and has served as K-Electric's Chief Financial Officer. He has also served as KE's Company Secretary and Head of Treasury and has played an integral role in the transformation of K-Electric. He is a Fellow member of the Institute of Chartered Accountants of Pakistan.

Khalid Rafi

Independent Director



Mr. Rafi is an Independent Director, elected at the AGM of the company held on October 8, 2012, and also Chairman of the Board Audit Committee. Mr. Rafi was a Senior Partner at A. F. Ferguson & Co., Chartered Accountants, a member firm of PricewaterhouseCoopers LLP, for 20 years. He was also the president of the Institute of Chartered Accountants of Pakistan and of Management Association of Pakistan. Mr. Rafi is a Chartered Accountant, being a Fellow at the Institute of Chartered Accountants in England and Wales.

Adeeb Ahmad
Non-Executive Director

Mr. Ahmad's career spans over 30 years with premier multilateral, leading private equity firms and several international investment banks primarily in the Gulf region. He has held C-suite positions engaged in multi-sectoral asset management, private equity investments and M&A across multiple emerging markets, including Pakistan. He has raised and led several large funds, managed landmark investments, and led several M&A advisory assignments. His last role was as Senior Advisor to the CEO (& Deputy CEO-Designate) at Islamic Corporation for the Development of the Private Sector ("ICD") in Saudi Arabia. Mr. Ahmad holds an M.Sc. from the London School of Economics, United Kingdom, and an MBA from the Institute of Business Administration, Karachi, Pakistan. Other Engagements: Chairman, Al-Shaheer Corporation Ltd.

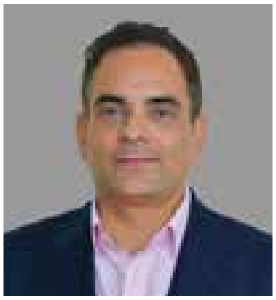
Ch. Khaqan Saadullah Khan
Non-Executive Director

Mr. Khan has been a Non-Executive Director of the company since October 2015. Mr. Khan joined The Abraaj Group as a Director in 2015. Prior to this, he was an Investment Officer in the International Finance Corporation. Mr. Khan has also worked as an Investment Consultant in the Board of Investment, Government of Pakistan, and as a manager in Ernst & Young's Transaction Advisory Services group based in Chicago. He has previously served on the Boards of Agritech Limited and Shakarganj Food Products Limited. Mr. Khaqan holds a BA in Economics from Northwestern University, US, and is a CFA charter holder. Other Engagement: Director, The Abraaj Group.

Dr. Ahmed Mujtaba Memon
Non-Executive Director (GOP Nominee)

Dr. Ahmed Mujtaba Memon represents the Government of Pakistan and was appointed on the Board of KE in June 2018. He is the Additional Finance Secretary in the Finance Division and has previously served as Director-General (IOCO) in the Federal Bureau of Revenue (FBR) as well as serving in various capacities at the Pakistan Customs Service. He has also worked with the Asian Development Bank on a project as the Secretary Trade Export Promotion and Industrialisation in the FBR. His academic qualifications include an MBBS, an MA (Economics) and an MBA (Finance). Other Engagements: Member – Board of Directors, NESPAK.

Jamil Akbar
Non-Executive Director



Mr. Akbar has over 20 years multinational experience in General Management, Strategy, Real Estate Development, Private Equity and Turnarounds. His most recent role was Country Head and COO, Emaar Pakistan. Previously, he worked with the Abraaj Group on Pakistan investments, including an operational and turnaround role at K-Electric. He has also been Chief Internal Auditor at GlaxoSmithKline Pakistan, and began his career with KPMG UK. Mr. Akbar holds an MBA from INSEAD, is a Chartered Accountant from the Institute of Chartered Accountants in England & Wales (ICAEW) and holds a BEng. (Mechanical) from Imperial College (UK).

Mubasher H. Sheikh

Non-Executive Director

Mr. Sheikh has been a Non-Executive Director of the company since its privatisation in November 2005. He joined the National Industries Group (Holding), Kuwait, in 2001 and is currently Chief Financial Officer. He is also a Non-Executive Board Member in Proclad Group Limited, UAE. He graduated with a degree in mathematics and statistics from the University of Punjab and is a Chartered Certified Accountant UK (FCCA). Other Engagements: Chief Financial Officer, National Industries Group, Kuwait. Board Member: Proclad Group Limited, UAE.

Muhammad Abid Lakhani

Non-Executive Director (GOP Nominee)

A businessman by profession with forty years of experience, Mr. Abid Lakhani is the Chairman of The Abid Lakhani Group, which for over four decades has been involved in the fields of Construction, Education and Financial Services. He served as the Chairman of Platinum Commercial Bank (now known as Bank Islami), amongst various other senior positions over the course of his business career. A passionate philanthropist, Mr. Abid Lakhani, through the university he established (ILMA University), has disbursed over PKR 202 million in scholarships to various deserving students in search of higher education. With his involvement in the Real Estate and Construction sector, Mr. Abid Lakhani has enabled the creation of 12,000 residential and commercial units that range from luxury livings, to shopping complexes to middle income housing.

Riyadh S. A. A. Edrees

Non-Executive Director

With nearly 25 years of experience across the fields of Construction, Finance, Oil & Gas and Telecommunications and Academics, Mr. Riyadh currently serves as Chairman of Privatisation Holding Company, Vice Chairman of Meezan Bank - Pakistan, Vice Chairman of Noortel and a board member in the following companies, Noor Financial Investment, Ikarus Petroleum Industries, Markaz Energy Fund, Kuwait Ceramic Company, Investment Committee of Bouniyan Fund of the Kuwait Investment Co., Middle East Complex for Eng., Electronics & Heavy Industries Company and Saudi International Petrochemical Company. He also currently serves as the Deputy Chief Executive Officer - Investments and Mega Projects, National Industries Group, Holding Kuwait, a group with which he has been involved for twenty years. Mr. Riyadh holds a BSc in Chemical Engineering from the University of Newcastle upon Tyon and an MSc in Chemical Engineering from Kuwait University.

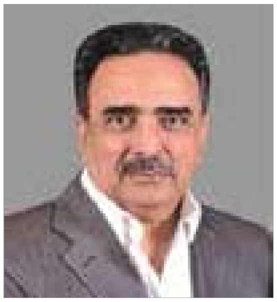
Ruhail Muhammad

Non-Executive Director

Mr. Muhammad's career spans over 30 years in General Management, Business Development, Strategy, Financial Planning and People Development. He has held various C-suite positions in companies focused on a diverse range activities ranging from Chemicals to Energy to Polymer production. He is currently the CEO of Hub Power Holdings Ltd, Pakistan's largest IPP. He is responsible for managing the growth portfolio of HUBCO, including existing coal-based power plants. Responsibilities include evaluating onshore & offshore acquisitions, project financing, economic evaluation of all growth projects and financial re-engineering to support the growth vision of the company. He has served on the Boards of various Engro subsidiaries including as Chairman of Engro Vopak and Engro LNG Terminal. In addition, he has also served on the boards of Pakistan Institute of Corporate Governance, British Overseas School, KP Energy Board (PEDO). Currently he is the Chairman of Pakistan Mercantile Exchange Limited (Commodity Exchange). Before starting his current role, he was the CEO of Engro Fertilizers Limited. Mr. Muhammad has completed his CFA and holds an MBA degree from the Institute of Business Administration, Karachi, Pakistan.

Shan A. Ashary

Non-Executive Director



Mr. Ashary has been a Non-Executive Director of the Company since its privatisation in November 2005. He is a senior executive with over thirty years of proven success in managing international investments, operations of a large diversified group, finance, treasury, public accounting, and strategic and corporate planning. He currently serves on the boards of several companies in the US and the Middle East. He is a Fellow of the Institute of Chartered Accountants of England and Wales. Other Engagements: Investment Adviser, Al-Jomaih Holding Co. (Saudi Arabia).

Waseem Mukhtar

Non-Executive Director (GOP Nominee)

Mr. Waseem Mukhtar represents the Government of Pakistan and was appointed as Non-Executive Director on the Board of KE in April 2019. With more than 25 years of experience at the Provincial and Federal Government levels, covering policy implementation and formulation in the arena of corporate management, public financial management, project management and public service delivery, Mr. Mukhtar currently serves as Additional Secretary, Power Division, Government of Pakistan. Mr. Mukhtar has previously served as Managing Director of Utility Stores Corporation and National Fertilizer Marketing Limited.

LEADERSHIP

Syed Moonis Abdullah Alvi
Chief Executive Officer

Mr. Moonis Alvi was appointed CEO of K-Electric in June 2018. Mr. Alvi has more than 28 years of diversified experience in the finance industry, with a focus towards driving operational efficiencies, financial planning and capital restructuring. Mr. Alvi joined K-Electric in 2008 and has served as K-Electric's Chief Financial Officer, Company Secretary and Head of Treasury. He is a Fellow member of the Institute of Chartered Accountants of Pakistan.

Amer Zia
Chief Distribution Officer

Chief Distribution Officer of KE, Mr. Zia leads a team of over 7,000 employees. With over 30 years of experience in electrical power sector, Mr. Zia worked with USAID-Power Distribution Programme and the National Electric Power Regulatory Authority (NEPRA). Prior to that he also worked with WAPDA. He also served as an independent consultant with the World Bank through the Competition Commission of Pakistan. He has a Bachelor's and a Master's degree in Electrical Engineering from UET Peshawar and Bradley University USA respectively, and an MBA in Project Management.

Dale Sinkler
Chief Generation & Transmission Officer

Mr. Dale Sinkler brings over 25 years of experience in the power sector ranging from energy sector reforms to development, execution, operations and management across multiple power plants. He has served as the Co-founder of O&M Solutions. His presence of fifteen years in this part of the world is a testament to his dedication to Asia's emerging markets and particularly Pakistan.

Eram Hasan
Chief Strategy Officer

Mr. Eram Hasan joined K-Electric in 2010. He has over 25 years of international general management experience. His experience includes working with The Coca-Cola Company, as Chief Operating Officer, for the Pakistan bottling business, responsible for Sales and Supply Chain and with Unilever Pakistan as the Head of Sales and Supply Chain. Mr. Hasan holds an MBA from Harvard Business School and an MS/BS in Materials Science and Engineering from MIT.

Muhammad Aamir Ghaziani
Chief Financial Officer

Mr. Aamir Ghaziani has more than 20 years of experience in areas of accounting, financial management, risk management, policy reforms, regulatory compliance and business turnarounds. He joined K-Electric in 2008. Before becoming KE's Chief Financial Officer, he also led KE's Corporate planning and Regulatory compliance function. He is a Fellow member of the Institute of Chartered Accountants of Pakistan (ICAP) and has also attended executive management programmes at INSEAD and other prestigious institutions.

Muhammad Rizwan Dalia

Chief People Officer & Company Secretary

Mr. Muhammad Rizwan Dalia was appointed as Head of HR in March 2018. In addition, he serves as the Company Secretary reporting to the Board of Directors. He joined K-Electric in 2008 and has served in senior roles in the Finance and Corporate Affairs functions. Mr. Dalia has also worked at Pakistan State Oil from 2001 to 2007 in diverse roles in the Finance function. Mr. Dalia is also a Certified Director from the Pakistan Institute of Corporate Governance.

Syed Fakhar Ahmed

Chief Marketing & Communication Officer

Mr. Syed Fakhar Ahmed has over 20 years of diversified management experience in communications, marketing, corporate affairs, FMCG business, strategic planning, value chain, and international development. He has worked as Director Corporate Affairs (CSV & Special Projects) for Nestlé in the Greater China Region, as Head of Corporate Affairs & Corporate Communications for Nestlé Pakistan/Afghanistan and formerly worked in the finance and International development organisations. He holds an MBA in Marketing and an MA in Political Science.

BOARD COMMITTEES TORs

Board Audit Committee (BAC) - Terms of Reference

A. Determination of appropriate measures to safeguard the Company's assets.

B. Review of Annual and Interim Financial Statements of the Company, prior to their approval by the Board of Directors, focusing on:

- major judgmental areas;
- significant adjustments resulting from the audit;
- going concern assumption;
- any changes in accounting policies and practices;
- compliance with applicable accounting standards;
- compliance with CCG regulations and other statutory and regulatory requirements; and
- all related party transactions.

C. Review of preliminary announcements of results prior to external communication and publication.

D. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).

E. Review of Management Letter issued by external auditors and management's response thereto.

F. Ensuring coordination between the internal and external auditors of the Listed Company.

G. Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the Internal Audit function has adequate resources and is appropriately placed within the Company.

H. Consideration of major findings of internal investigations of activities characterised by fraud, corruption and abuse of power and management's response thereto.

I. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.

J. Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports.

K. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body.

L. Determination of compliance with relevant statutory requirements.

M. Monitoring compliance with the Code of Corporate Governance regulations and identification of significant violations thereof.

N. Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures.

O. Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The Board of Directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.

P. Consideration of any other issue or matter as may be assigned by the Board of Directors.

Board Human Resource & Remuneration Committee (BHR&RC) - Terms of Reference

A. Recommend to the Board for consideration and approval, a policy framework for determining remuneration of Directors (both executive and non-executive Directors and members of senior management). The definition of senior management will be determined by the Board which shall normally include the first layer of management below the Chief Executive Officer level.

B. Undertaking annually, a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment.

C. Recommending Human Resource management policies to the Board:

* all proposals requiring mandatory/statutory approval of the Board of Directors.
* all proposals on development, revision, modification and/or interpretation of human resources policies.

D. Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer.

E. Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of Chief Operating Officer, Chief Financial Officer, Company Secretary and Chief of Internal Audit.

F. Consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to CEO or COO.

G. Where Human Resource and Remuneration Consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the Company.

H. Reviewing and approving on behalf of the Board of Directors all matters relating to implementation of the human resources related proposals previously approved by the Board; and

I. Recommending to the Board to make such changes in the mandate of the committee as it may deem fit from time to time.

Board Finance Committee (BFC) - Terms of Reference

A. To review and discuss on an ongoing basis an effective system for managing the financial risks faced by KE.

B. To review and discuss financial strategy and plan together with an annual budget (including balance sheet, profit & loss and functional cash flow) and KPIs prior to submission to the Board for approval.

C. To review and discuss capex programme together with financial commitment and financing strategy.

D. To review financial policies and transactions which have material financial impact such as tariff, cost of fuel, etc.

E. To review and discuss treasury management to ensure efficient management of cash to reduce financial cost (i.e. effective management of balance sheet and profit & loss items).

F. To review and discuss annual financing plan and requirements with respect to:

* running finance;
* short-term, medium-term facility; and
* L/C facilities and bank guarantees etc.

G. To carry out monthly / quarterly review and discussion of MIS reports with respect to code provisions, to ensure major variances are identified and corrective action taken in a timely manner to minimise financial losses.

H. To review insurance policy of the Company.

I. To undertake any other assignment entrusted by the Board of Directors.

Board Strategy and Projects Committee (BS&PC) - Terms of Reference (TOR)

A. Review the performance of the Company in meeting strategic objectives.

B. Periodically reviewing the Mission, Vision and Strategic Plan, and recommending changes to the Board.

C. Review of the Company's overall performance on the Annual Strategy Plan by monitoring the Key Performance Indicators (KPIs) bi-annually.

D. Understanding the organisation's industry, market/ community, and core competencies. Keeping up-to-date on industry and local market trends, advances in technology and other opportunities to improve the scope, cost effectiveness and quality of services provided by the organisation.

E. Have the authority to bring external industry experts into Board meetings from time to time to discuss topics of interest related to strategy in order to stimulate ideas and strategic thinking by directors.

F. To identify and review progress on major Generation, Transmission, Distribution and other projects to achieve strategic objectives and materialise the long-term business plan of the Company.

G. To undertake any other assignment entrusted by the Board.

CODE OF CONDUCT

Following are the salient features of the Code of Conduct (Code) of K-Electric Limited intended to assist its Board members and employees in meeting the standards of professional and personal integrity expected and required of them. Compliance with the Code is mandatory for all KE Board members and employees and deemed to be a part of the employment contracts / appointment letters for all Board members / employees of the Company. Contravention of the Code is regarded as misconduct and forms the basis for termination of the Board member / employee's association with the Company.

Salient features of the Code:

1. Conflict of Interest

KE Board members / employees must be alert to any situation that could compromise the position of trust they hold as a KE Board member / employee and avoid any kind of conflict between personal interests and those of KE.

Each Board member / employee has a primary responsibility to the Company and is expected to avoid any activity that could interfere with that responsibility. Board members / employees should not engage in activities or transactions which may give rise to, or which may be seen to be giving rise to, any conflict between their personal interests and the interests of the Company. Such a conflict could arise in a number of ways and in a number of situations and may have to be individually assessed by the Board member / employee in each individual scenario.

2. Confidentiality

KE Board members / employees must protect confidential information and trade secrets, and prevent such information from being improperly disclosed to others inside or outside KE.

3. Contributions

KE Board members / employees may not use their position to coerce or pressure employees to make contributions or support candidates or political causes.

4. Inducement Payments

KE Board members / employees must refrain from bringing in outside pressure or influence to attain personal gains within the organisation.

KE Board members / employees shall neither ask for nor receive money or any personal benefit (material or non-material) from a supplier or contractor in exchange for an order for goods or services.

5. Health and Safety

KE Board members / employees must comply with all applicable laws and KE policies relating to safety, health and the environment.

6. Trading in Company's Shares

Certain restrictions / reporting requirements are applied on the Directors / employees regarding trading in Company's shares. They shall make sure that they remain compliant with these statutory requirements.

7. Workplace Harassment

KE Board members / employees will maintain an environment that is free from harassment of any kind and in which all Board members / employees are equally respected.

8. Compliance with the Code

KE Board members / employees must read, understand and comply with the Code at all times during their association with the Board / Company. Any violation to the Code or any applicable law or regulation, must be reported so that KE can take appropriate action.

DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present the Company's Annual Report together with the audited financial statements for the year ended June 30, 2018. These accounts are delayed due to finalisation of the Multi-Year Tariff (MYT) which now stands notified and effective. However, considering the reduction in the tariff level along with change in tariff structure has significant implications, the Company has filed its concerns with the Appellate Tribunal to be taken up by the Appellate Tribunal, once it is functional.

Financial Performance

Revenue

+18%	2018	Rs. 217,127 Mn
	2017	Rs. 183,855 Mn

EBITDA

+26%	2018	Rs. 32,422 Mn
	2017	Rs. 25,818 Mn

Net Profit

+18%	2018	Rs. 12,312 Mn
	2017	Rs. 10,419 Mn

Earnings Per Share

+18%	2018	Rs. 0.45
	2017	Rs. 0.38

Total Assets

+20%	2018	Rs. 473,698 Mn
	2017	Rs. 395,943 Mn

Total Equity

+12%	2018	Rs. 207,293 Mn
	2017	Rs. 184,316 Mn

Return On PPE[1]

+0.06 pp	2018	4.44%
	2017	4.38%

Return On Equity

+0.29 pp	2018	5.94%
	2017	5.65%

1. PPE: Property, Plant & Equipment

During the Financial Year 2018, key financial and operational indicators registered sustained progress, resulting in marked improvement in the Company's financials, as EBITDA increased to Rs. 32,422 Million (FY 2017: Rs. 25,818 Million), a 26% increase as compared to last year.

Driven by investments across the value chain, the Company continued to improve operationally, and is expected to further move up the improvement trajectory on the back of a robust investment plan. During the year, the Company's Transmission & Distribution (T&D) losses reduced from 21.7% in FY 2017 to 20.4%. The reduction in T&D losses along with gains resulting from higher units sent-out (FY 2018: 17,419 GWh; FY 2017: 16,580 GWh) have been the major contributing factors towards improved financial results of the Company.

Further, continued investments in all core functions resulted in a net increase of Rs. 39,672 Million in Company's Property, Plant and Equipment and the balance sheet remained healthy, with total assets amounting to Rs. 473,698 Million (FY 2017: Rs. 395,943 Million).

Operational Performance

In line with its objective of delivering reliable and safe power supply to its consumers amidst multiple challenges, the Company has invested over USD 2.1 Billion across the energy value chain between 2009 to 2018. These investments have resulted in an addition of 1,057 MW of efficient power generation capacity, improvement of overall fleet efficiency from 30.4% in FY 2009 to 37.4% in FY 2018, 15.5% points reduction in Transmission and Distribution (T&D) losses and enhanced T&D capacity by 29% and 60% respectively. On the back of these operational improvements, today over 70% of the city is exempt from load-shed with 100% exemption to industries since 2010.

Though the Multi-Year Tariff (MYT) determined by NEPRA through its decision dated July 5, 2018 is materially different from the Previous MYT (2009-2016), having material implications, it is important to note that during the first two years of the tariff control period (FY 17 & FY 18), the Company has invested over Rs. 17 Billion above the NEPRA allowed levels under the MYT for Non-Project (Generation & Transmission) and Distribution Capex.

Further, while delays in tariff finalisation has resulted in consequential delays in execution of planned projects, the Company remains committed to continue to invest across the value chain, which will further improve the operational performance, thus benefitting the consumers at large.

Continued Investments across the Value Chain

The Company remains firm to its vision of powering Karachi by ensuring uninterrupted power supply, system reliability and customer support. In this regard, the Company is making continuous investments for capacity addition and to enhance system reliability of its entire network.

The Company's TP-1000 project, costing over USD 450 Million, is on-course for successful completion by the end of 2nd Quarter of FY 2020. Under this large-scale transmission enhancement project, 7 grid stations and associated power lines, transformers and switches will be added, resulting in the addition of over 1,000 MVAs to transmission capacity. To date, 4 grid stations and 22 power trafos have already been brought online, adding 764 MVAs to power transformation capacity along with the addition of 6 km and rehabilitation of 39 km in transmission line length.

On the generation front, to cater to the increasing power demand, KE continues to make progress towards enhancing its generation capacity through its own generation sources and the various Independent Power Producers (IPPs). For self-generation, KE is setting up a 900 MW re-gasified liquefied natural gas (RLNG) power plant at its Bin Qasim Power Complex. The project also includes an upgrade of the associated transmission infrastructure including the construction of four grids. The planned BQPS-III project comprises two 450 MW units, running on the Combined Cycle Gas Turbine (CCGT) configuration. The RLNG will be procured via a competitive bidding process that will allow KE to ensure competitive fuel price. The plant is based on F-Class machines which incorporates the latest technology for environmental compatibility, improved dry low NOX (DLN) operability, and eliminate firing temperatures suppression. Expected commissioning of the project is in 2021. EPC bids for the project have been technically and financially evaluated; negotiations of the EPC contract with preferred bidder are underway. KE is also in progress for the procurement of RLNG for the project.

In addition to our own generation projects, during the last three years we have added four IPPs to our grid under long-term Power Purchase Agreements/Energy Purchase Agreements (PPAs/EPAs).

- 52 MW from Fauji Power Company Limited
- Oursun a solar based IPP with capacity of 50 MW.
- 101 MW (50.5 MW x 2) from Sindh Nooriabad Power Company Limited I & II

Another renewable IPP, Gharo Solar a 50 MW solar project is expected to achieve Commercial Operations Date (COD) by end-2019.

To bridge the demand - supply gap for the next three to four years, KE signed an agreement with National Transmission & Despatch Company (NTDC) and Central Power Purchasing Agency (CPPA) in June 2019 for the purchase of 150 MW additional power from three wind power plants situated in the Gharo area and is successfully evacuating power from these wind power plants.

In addition, KE is also working towards the finalisation of the Engineering, Procurement and Construction (EPC) contract with China Machinery Engineering Corporation (CMEC) for 700 MW coal-fired power plant, at Port Qasim, Karachi. The power project already has an approved tariff from NEPRA, however, the same is pending notification by the Ministry of Energy (Power Division). It is important to highlight that further delays in tariff notification for the project would impact the project's COD, and consequently the power demand-supply gap within KE's service area. In addition to managing the power demand-supply gap, the 700 MW project will diversify KE's fuel mix and phase away from using furnace oil which is a significantly more expensive imported fuel. Accordingly, the project would enable KE to offer affordable power to the consumers along with sizable fuel cost savings to the national exchequer.

Towards addition of captive power, KE is pursuing purchase of 11 MW to 14 MW from Lotte Chemicals Pakistan Limited.

Further, KE is planning for a 450 MW RLNG-based power plant in Karachi and a 100 MW of solar generation in the Baluchistan area. In addition, KE is in negotiation with Pakistan Atomic Energy Commission (PAEC), NTDC and CPPA for import of 500 MW power at 500 kV voltage level from the currently under-construction nuclear power plants KANUPP II/III.

Liquidity & Capital Structure

Financing Update

Post expiry of the Previous MYT on June 30, 2016 and till the notification of the MYT Decision on May 22, 2019, the Company's claims for tariff variations including fuel price adjustments remained suspended, alongside accumulation of Tariff Differential Claims. This significantly increased the working capital requirements of the Company which is being managed through extended and continued support from banks, who had also supported the Company's stance for a sustainable tariff. Following the notification of MYT Decision, the Company filed its tariff variation claims with NEPRA for the period July 2016 to June 2019, the outcome of which is awaited.

Further, banks have also expressed strong interest for financing of long-term generation projects of the Company which are of strategic significance to bridge the existing electricity shortfall and to meet the increasing power demand.

Islamic Commercial Paper

In August 2019, the Company issued a privately placed Islamic Commercial Paper of Rs. 8 Billion, the proceeds of which were utilised to fund the working capital requirements of the Company.

Growing Receivables from Government Entities and Departments

The issue of circular debt has marred the sustainability of the power sector and as with other power sector entities, is an area of concern for the Company, given the continuous increase in Company's receivables from various government entities and departments.

In this regard, the Company is in continuous engagements with relevant stakeholders for a fair and amicable resolution to the issue of receivables and payables, and has reiterated that financial settlements between the Company and public sector entities must be treated in a fair and uniform manner with all settlements whether Federal or Provincial tabled together under one umbrella.

As of July, 2019 the Company's gross receivables from various Federal and Provincial Public Sector Entities (PSE) stand at around Rs. 196 Billion, nearly twice the Company's payables which total around Rs. 109 Billion. Of this payable amount, only Rs. 13.7 Billion (including Rs. 4.67 Billion refundable on account of GIDC) is the actual principal payment due to Sui Southern Gas Company (SSGC) against gas supply, while the remaining dues relate to NTDC / CPPA and other Federal and Provincial public sector entities. The remaining amount claimed by SSGC appears to be grossly inflated through the inclusion of mark-up or interest which has been challenged in the court of law and is still sub-judice and pending judgement.

Further, the Company has receivables of around Rs. 32 Billion from Karachi Water and Sewerage Board (KWSB), as of July, 2019. However, in consideration of KWSB's strategic importance and the best interests of the people of Karachi, the Company continues to prioritise power supply to all strategic KWSB pumping stations while at the same time engaging with relevant stakeholders for a swift and equitable resolution to this issue.

Safety Incidents during Torrential Rains in Monsoon 2019

K-Electric is deeply saddened by the unfortunate incidents which occurred during the recent torrential rains and sympathises with the affected families. The Company is extending full cooperation to the investigation process with various stakeholders including NEPRA. Before the rains, the power utility took several precautionary measures including preventive maintenance, network-wide inspections of the power infrastructure and strengthened vigilance of on-ground teams.

KE also promoted public safety awareness through campaigns on rain safety through TV, print and social media, SMS and engaged with school/seminaries students and communities as well as installed safety banners across the city. The Company also alerted the city administration, disaster management organisations and all concerned stakeholders to dispense their responsibilities in the wake of rain predictions, which the deteriorating civic infrastructure of Karachi cannot sustain, with drainage issues and massive encroachments.

It is important to mention that based on internal investigations, most of these unfortunate incidents occurred inside homes due to faulty wiring, unsafe use of electrical appliances or because of kundas and the unwarranted placement of cable TV and Internet cables on electricity poles. NEPRA issued a Show Cause Notice to KE on September 6, 2019 for the alleged public fatalities and power interruptions while also acknowledging that a number of incidents were outside of KE purview. KE is a responsible corporate entity and will file its detailed response to NEPRA to rebut the allegations and will also take all the required remedial measures in this regard. At the same time, KE will continue to explore areas for power infrastructure improvement so as to strengthen both reliability and safety of power supply.

Annual General Meeting for FY 2018

The fundamental reason for delay in holding of AGM for FY 2018 is that the Company did not have the audited financial statements for FY 2018 which could only be prepared on the basis of closing numbers of the financial statements for FY 2017. The reasons and circumstances, beyond the control of the Company, for delay in finalisation of financial statements and holding of AGM for FY 2017, were fully explained in the Annual Report of the Company for FY 2017 which was issued a couple of months ago. The financial statements for FY 2017 were approved by the shareholders at the AGM held on July 30, 2019, and thereafter, finalisation and audit process of financial statements for FY 2018 was expedited and after getting Auditors' confirmation, the Company applied for Securities & Exchange Commission of Pakistan's (SECP) direction to hold AGM for FY 2018 latest by November 15, 2019, which has been allowed by SECP through its letter dated September 11, 2019. Accordingly, with the approval of Board Audit Committee and Board of Directors, AGM for FY 2018 is set to be held on November 4, 2019 for approval of audited financial statements of the Company for the year ended June 30, 2018.

Auditors' Observations

With respect to Auditors' observations in their report to the members, it is informed that:

As explained in Note 31.1.1 to the financial statements, the issue of late payment surcharges / interest on delayed payment will ultimately be settled on a net basis with similar treatment of receivables and payables without accounting for any delayed payment surcharge / interest, and this Company's narrative is duly supported by legal opinions obtained in this respect. However, being prudent, the Company has made a provision on a net basis.

Compliance with the Code of Corporate Governance (CCG) Regulations 2017

a) Total number of Directors: 12

a.	Female	nil
b.	Male	12

Composition

i.	Independent Director	1
ii.	Other non-executive Directors	10
iii.	Executive Directors	1

b) The name of members of Board committees are mentioned in "Company Information", under section "Company Profile" to this Annual Report.

c) Pursuant to section 170 of the Companies Act 2017 and Article 61 of the Articles of Association of the Company, KE Board of Directors is empowered to determine Directors' remuneration and fee to attend Board and Board Committees meetings. Whereas policy framework to determine remuneration of Directors including appointment of independent consultant according to the requirement of CCG 2017, is being finalised.

d) Details of aggregate amount of remuneration, separately of executive and non-executive Directors, including salary/fee, perquisites, benefits and performance-linked incentives etc. are available in Note 44 of the Financial Statements.

Compliance with the Companies Act 2017

The financial statements present Company's affairs and a fair review of its state-of-affairs, results of its operations, cash flows and changes in equity. The Company, due to reinvestment requirements and certain lenders covenants, has not declared dividend / bonus shares.

a) The names of the persons who, at any time during the financial year, were Directors of the company are given in the "Statement of CCG Compliance".
b) The principal activities and the development and performance of the Company's business during the financial year are covered in preceding pages of this Directors' Report.
c) The principal risk and uncertainties facing the company are fully described in "Major Business Risks and their Mitigation", under "Governance & Compliance" section.
d) No change occurred during the financial year concerning the nature of the business of the Company or of its subsidiaries, or any other company in which the Company has interest.
e) There were no contents in regard to modification in the Auditor's Report.
f) The pattern of shareholding and categories of shareholders are placed under "Shareholders Information" section.
g) KES Power Limited, incorporated in Cayman Islands, is the holding Company of K-Electric.
h) Earnings Per Share (EPS) for the year ended June 30, 2018 was Rs.0.45 (basic/diluted).
i) The Company has posted profit during the year under review.
j) There were no defaults in payment of any debts during the year under review.
k) A sound financial control system is in place and is regularly monitored by the Board Finance Committee (BFC) and reported to the Board of Directors.
l) The details of Commitments are available under Note 31.3 to the Financial Statements.
m) The main trends and factors likely to affect the future development, performance and position of the company's business are described under "Future Outlook".
n) Significant business plans and decisions and impact on the environment have been covered under "Environmental, Social, Governance & Sustainability Management", under "Governance & Compliance" section.
o) A report on the activities undertaken by the Company in relation to corporate social responsibility during the year under review is placed under "Governance & Compliance" section.

Board of Directors (BOD)

During review and subsequent period, following changes occurred in the Board:

During the review period

1. GoP nominee Dr. Aamer Ahmed replaced Mr. Zafar Abbas on August 9, 2017.
2. GoP nominee Dr. Ahmed Mujtaba Memon replaced Mr. M. Anwer Shaikh on June 7, 2018.
3. Mr. Waqar H. Siddique resigned from the position of Director/Chairman and Mr. Muhammad Tayyab Tareen, CEO was elected as Chairman effective from June 7, 2018.
4. Mr. Syed Moonis Abdullah Alvi appointed as Director/CEO effective from June 7, 2018.

Post Balance-sheet date

5. GoP nominee Mr. Hassan Nasir Jamy replaced Dr. Aamer Ahmed on December 14, 2018.
6. Mr. Muhammad Tayyab Tareen resigned from the position of Director / Chairman and Mr. Ikram Ul-Majeed Sehgal was elected as Chairman effective from January 18, 2019.
7. Mr. Omar Khan Lodhi and Mr. Frederic Sicre resigned from the directorship effective from February 8, 2019.

8. Mr. Syed Mohammad Akhtar Zaidi appointed on April 15, 2019 against casual vacancy.
9. GoP nominee Mr. Hasan Nasir Jamy ceased to be Director w.e.f. February 13, 2019. GoP nominee Mr. Waseem Mukhtar replaced him on April 15, 2019.
10. Mr. Aziz Moolji resigned from the directorship of the Company effective from May 6, 2019.
11. Mr. Adeeb Ahmad appointed as Director effective from July 04, 2019 against casual vacancy.
12. Syed Mohammad Akhtar Zaidi resigned from the directorship on July 29, 2019.
13. Mr. Muhammad Zubair Motiwala retired from the directorship on July 30, 2019.

Election of directors was held at the AGM on July 30, 2019 and following directors were elected / re-elected:

1. Ikram Ul-Majeed Sehgal
2. Syed Moonis Abdullah Alvi
3. Khalid Rafi
4. Adeeb Ahmad
5. Chaudhary Khaqan Saadullah Khan
6. Dr. Ahmed Mujtaba Memon
7. Mubasher H. Sheikh
8. Muhammad Abid Lakhani
9. Nayyer Hussain
10. Riyadh S. A. A. Edrees
11. Ruhail Muhammad
12. Shan A. Ashary
13. Waseem Mukhtar

Subsequently, Mr. Nayyer Hussain resigned from the directorship of the Company effective from September 18, 2019.

The Board wishes to place on record appreciation for services of outgoing Directors and welcomes the incoming Directors.

Auditors

The present statutory joint auditors, A.F. Ferguson & Co. and BDO Ebrahim & Co. retire and, being eligible, have offered themselves for re-appointment. BAC has recommended their re-appointment as statutory joint auditors of the Company for the FY 2019.

Acquisition by Shanghai Electric Power

In October 2016, Shanghai Electric Power (SEP) entered into a Sale and Purchase Agreement (SPA) with KES Power Limited (holding company) to acquire up to 66.4 percent shares in the Company. The completion of the transaction contemplated by SPA is subject to receipt of applicable regulatory approvals and satisfaction of other conditions precedent specified therein. Despite delays in the required approvals and a lapse of almost 3 years, this strategic investor has reiterated its keenness to acquire a controlling stake in the Company. With an aggressive investment plan catering to the needs of the entire power value chain, SEP's acquisition of a controlling stake in the Company will prove to be a game changer in transforming Karachi's power infrastructure in line with international standards for a smooth electricity supply and should also have a significant impact on Pakistan's GDP.

While timely, successful completion of SEP's acquisition of a 66.4% stake in KE will allow implementation of SEP's investment plan which will bring operational benefits along with improved macroeconomic factors, setting a precedent for the power sector at large; it is important to state that the current management remains committed to delivering on the business plan which will see investments of around USD 3 billion over the span of four years.

Future Outlook

KE is a dynamic organisation that has demonstrated its resilience and determination to grow and thrive, overcoming multiple challenges in its 106-year journey since inception in 1913. Most importantly, since the take-over by the current management in 2009, a successful turnaround has been executed through a combination of well-timed investments and professional management.

The Company remains firm in its vision to provide safe, reliable and consistent power to all its customers underpinned by investments of around USD 3 Billion over the span of four years, spanning across the power value-chain, resulting in energy self-sufficiency and propelling the socio-economic growth of Karachi and resultantly Pakistan.

Various rehabilitation/ augmentation projects are also in pipeline to increase system reliability and cater future load growth. On the Distribution front, the Company is also scaling up its efforts to combat power theft, which is a societal menace, by converting existing Pole Mounted Transformers (PMTs) to Aerial Bundled Cable (ABC). So far over 7,500 PMTs have been converted to ABC, with targeted conversion of around 15,000 PMTs by 2023.

Also, as in previous years, we will continue to keep safety as the top priority in all our operations and remain firm in our commitment to ensure the safety of our employees, our infrastructure and that of our customers in Karachi and its immediate surrounding areas. The Company will continue to actively promote safety precautions that must be adopted at a societal level and will accelerate its student safety outreach programme under which over 50,000 students have already been reached. To ensure safety of the network, the Company is undertaking a network-wide study to identify areas for infrastructure improvement so as to strengthen both reliability and safety of power supply. At the same time, KE will continue to engage with all relevant stakeholders including policymakers, administrative bodies and regulatory bodies to highlight civic challenges that arise from nearly 50% of Karachi being unplanned and which affect the integrity of utility infrastructure. The Company continues to appeal to all concerned bodies to play their due role in ensuring an enabling environment for the power utility to operate by enforcing basic urban development protocols in a planned manner across the city.

With customer-centricity as a core organisational value, the Company is always looking for new technological avenues which will allow it to bring its customers closer. Making ourselves increasingly more accessible to customers and enabling self-service solutions are high on the Company's agenda. In this regard, KE further extended and enhanced the customer service portfolio through the addition of KE Live, a mobile application through which the user will have access to a number of features such as billing details with historic data, duplicate bill downloads, and integrated unit consumption comparative graphs. Other features include live power status update, the ability to report power theft and to lodge complaints. The Company is also exploring multiple payment solutions to further facilitate customers.

KE is also exploring Automatic Meter Reading (AMR) technologies which focus on real-time consumption and enable both the customer and the Company to better manage the use and the supply of electricity while ensuring transparency.

Our commitment to the communities that we work with, underpins our operations. As such we will continue to accelerate our flagship Project Ujala with a view to uplifting communities through strengthened access to safe and reliable power, while at the same time stepping up efforts to combat power theft. This is in line with our vision of reducing T&D losses even further by converting nearly 6 areas of Karachi, presently plagued with power theft and low recoveries, to model communities with low losses and improved recovery levels.

Aligned with our vision to deliver safe and reliable power supply along with the commitment to achieve greater levels of customer centricity, whilst progressing on the value creation curve through innovation and technological advancements, we will continue to make investments across the energy value chain. However, growing receivables from various government owned entities is a major challenge faced by the Company, which impacts the cashflow position of the Company and the ability to undertake the planned investments in a timely manner. In this regard, the Company would continue to engage with all relevant stakeholders and seeks a fair and expedient resolution to the issue of circular debt.

Challenges due to Delay in Sale Process:

Due to delays in government approvals, the Company has been unable to move forward with SEP's acquisition of up to 66.4 percent stake in the Company, despite a lapse of almost three years since the signing of the SPA in October 2016. It is important to note that multiple planned investments by the Company have already been delayed because of tariff finalisation and the delay in approval of the sale process has resulted in consequential delays in implementing SEP's own investment plan, aimed at bringing accelerated improvements in Generation, Transmission and Distribution capacity as well as technological advancements across the value chain, thus improving the lives of Karachi's citizens.

Conclusion

In conclusion, the Company continues to engage with relevant governmental, regulatory and other external entities in order to ensure an enabling and pro-investment environment for the power sector at large and for the Company in particular as Pakistan's only privatised and vertically integrated power utility.

With collective support from all stakeholders, the Company continues to maintain a positive outlook for the future and looks towards profitable and sustainable growth while also strengthening service provision to the customers.

Acknowledgements

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

For and on behalf of the Board,

Syed Moonis Abdullah Alvi
Chief Executive Officer

Khalid Rafi
Director

Karachi, September 18, 2019

GENERATION

In FY 2018 KE continued its stride towards improvement in efficiency and increase in the dispatch capacity with enhancements in its generation infrastructure.

For the 1,260 MW Bin Qasim Power Station I, a major investment plan is in place for rehabilitation of the units for ensuring safe, efficient and reliable dispatch. The rehabilitation program namely, "Generation Long Term Investment Plan" (GLTIP), is aimed at:-

- Upgrades and rehabilitation
- Utilisation of OEM Services and recommended material
- Complete replacement of outdated equipment

Under the GLTIP, rehabilitation on units 1 & 2 has been completed successfully and resulted in an augmentation of 42 MW capacity. Work on Unit 5 and 6 will be completed in phases over the next two years.

The combined cycle operation at KCCPP, KGTPS and SGTPS has contributed positively to the fleet capacity and efficiency in FY 2018.

Major inspection of GT3 at BQPS-II was completed in January 2018 and resulted in 1.93% increase in Net Output and a 0.86% improvement in Net Heat Rate. Subsequent to year end, the same activity was carried out on the other two GTs.

These actions resulted in KE accomplishing an increased average fleet efficiency of 37.4% in FY 2018 (vs 30.4% in FY 2009). The FY 2018 efficiency is 0.7% better than FY 2017.

KE Generation continued to achieve excellence in areas of safety, environment & quality. Besides the existing certifications in Safety (OHSAS 18001:2007) and Environment (ISO 14001:2015) and Quality Management system ISO 9001:2015, following certifications were obtained in FY 2018:

- ISO-50001:2011 (Energy Management System) [BQPS-II, KCCPP]
- ISO-45001:2018 (Health & Safety Management System)- Transition from OHSAS-18001:2007 (Occupational Health & Safety Assessment Series) [BQPS-II, KCCPP]
- WWF Green Office Certification [BQPS-II]

With an objective of being self-reliant and cost effective in making the spare parts available for uninterrupted operation of our generating units, KE's generation department established a "Local Fabrication Cell" (LFC) in 2012. The idea was to save foreign exchange by locally developing the costly and obsolete spares through reverse engineering techniques. In its first complete five years, LFC has achieved substantial savings through creation of about 2,800 drawings and subsequently delivering more than 800 developed parts.

Upcoming Projects:
In pursuit of its commitment to provide electricity to Karachi and its surrounding areas, KE is continuing with the development of different medium and long-term projects for the addition of new generation capacity. Development work is in full swing for a 900 MW RLNG-fired power project, namely BQPS-III. EPC contract negotiation is in advance stage with Notice to Proceed to be issued to the EPC contractor for commencement of construction in the month of October, 2019. The procurement of RLNG for BQPS-III is also underway. For this purpose KE has initiated a bidding process with the issuance of RFP to local and international parties qualified through Expressions of Interest (EoIs) evaluation. 250 MMCFD of RLNG will be procured to fulfill the RLNG requirement of both BQPS-II (560 MW) and BQPS-III plants. This competitive bidding process will allow KE to ensure a competitive fuel price. The 900 MW project is based on F-Class machines and is expected to be commissioned in 2021.

KE is also engaged with different IPPs for potential power off-take under long-term PPAs. These include a 700 MW (350 MW x 2) coal-fired IPP and a 450 MW RLNG-fired IPP. Sites of both these projects are located at Port Qasim and are expected to be commissioned by 2022.

KE is pursuing purchase of 11 MW to 14 MW from captive power plant of Lotte Chemicals Pakistan Limited which is expected to receive regulatory approvals in 2019.

Gharo Solar (50 MW) is under construction and this IPP based project will be commissioned by end 2019 to start supply of clean energy into KE system under a long term Energy Purchase Agreement (EPA) already signed with the IPP. KE is planning to add more renewable projects within KE's licensed jurisdiction. KE is also making efforts and coordinating with NTDC, PAEC and other relevant agencies to procure 500 MW electricity from the upcoming nuclear power projects namely KANUPP II & III.

TRANSMISSION

As of June 30, 2018, KE's transmission system comprised a total of 1,254 km of 220kV, 132kV and 66kV lines, with 64 grid stations and 147 power transformers. During FY 2018, KE took significant steps towards enhancing the existing transformation capacity and improving system reliability. This included improved fault response on power transformers and transmission lines, as indicated by a 31.1% overall reduction in unserved energy compared to the preceding year.

The over USD 450 million TP-1000 transmission enhancement project is scheduled for completion by the end of 2nd quarter of FY 2020. The company completed a major part of the Civil and Electrical Design with initiation of civil work at majority of the sites. Additionally, manufacturing and delivery of major equipment for all of the targeted grids have also been completed. To date, 4 grid stations and 22 power trafos have already been brought online and the project is on course for timely completion.

Other projects during FY 2018 included:

9 power transformers added (on net basis) via addition/enhancement at various locations to help curb overloading. Also, new 250MVA auto transformer was energised at Pipri West improving transformation capacity in high load areas. In addition 140 11kV switch installations were carried out in FY 2018.

This takes the total between July 2014 to June 2018 to 617 installations, demonstrating the Company's comprehensive effort to replace and improve grid equipment where required. The replacement of obsolete current/potential transformers, circuit breakers and relays has also contributed to greater reliability in the system. The Transmission team has implemented an early temperature warning scheme on 11kV incoming switchgears. Thermography (predictive maintenance) was carried out regularly through the year to help prevent outages and damage. In addition, the Company rehabilitated 33 GIS Bays across various key 220kV and 132kV grid locations in FY 2018.

KE has rehabilitated various EHT transmission lines, whereby conductors, insulators and associated hardware installations were replaced to ensure smooth network operational capability. Furthermore, quarterly line insulator cleaning activities were performed on all 220kV and strategic 132kV lines. Additionally, more than 125 annual preventive maintenance activities were carried out across various grid stations. These are some key initiatives taken each year to ensure the operational efficiency and reliability of the entire network.

DISTRIBUTION

With our service area spanning over 6,500 square kilometres, we serve more than 2.6 million customers through a network stretching around 29,000 km. Distribution operates in a challenging environment and strives round the clock to deliver safe and reliable power to the residents of Karachi and its adjoining areas.

Pursuing our aim to improve power supply, today, we have successfully managed to make over 70% of our service territory load-shed free with complete exemption to industries. In line with changing operational dynamics, we are fully committed to deliver robust performance, by pursuing a well-charted path to growth. The Transmission and Distribution losses have declined steeply over the past nine years and stand at 20.4% as of FY 2018.

To bring about efficiency and convenience, initiatives such as Aerial Bundled Cable (ABC) and 'Aasaan Meter' have been carried out swiftly with high momentum to aid the downward trajectory of T&D losses and increase customer satisfaction.

ABC project has been an excellent deterrent to rampant power theft. Through this, we have been continuously replacing bare conductors with insulated cables which are specially designed to restrict opportunities of theft.

These cables also protect the network against the humid climate of the coastal city, and results in fewer fault rates and better voltage supply. To serve this purpose, KE had already converted over 5,700 PMTs onto ABC as of FY 2018 and subsequently, to date, a total of over 7,500 PMTs have been converted onto ABC.

With our ongoing New Connections product line called 'Aasaan Meter', KE successfully managed to energise more than 183,000 meters through easy processing and application transparency for new connections below 50kW in FY 2018. Customers can apply at any of KE's 30 Integrated Business Centres (IBC) as per their convenience. To further strengthen our network, regular maintenance of feeders has resulted in enhanced power reliability and superior customer experience. Additionally, KE added 76 new feeders to the existing system in FY 2018, thereby improving power capacity and reliability.

During FY 2018, KE introduced a new design of its electricity bill. One that made billing information easier to understand.


KR-2429


KE

CORPORATE VALUES

Values are the guiding principles that form the foundation on which we work and conduct ourselves. They shape the culture and define the character of a company. The key advantage of having a clearly defined set of organisational values is that they guide workplace behaviour, leadership development and decision making.

Our core corporate values come together in the KE CARES system, as outlined below.

CUSTOMER-CENTRIC

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

ACCOUNTABLE

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

RESPECTFUL

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

ENERGISED

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

SAFE

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

CUSTOMER-CENTRICITY IS A CORE ORGANISATIONAL VALUE

KE has continued to extend its customer touchpoints in line with the Company's commitment to be more accessible to our customers: In addition to our 118 Call Centre and 8119 SMS service, new interaction channels. Auto SMS Complaint registration through keywords & KE Live App, have been introduced which facilitate customers to avail services and reach out to us 24/7. We have introduced IBC on Wheels and Customer Facilitation Centers (CFCs) providing easy access to customers in remote locations who may not be able to visit any of our 30 Customer Care Centres. KE has also announced Universal Customer Care Centres and customers can now avail services at any Customer Care Centre irrespective of their registered address.

In addition to the above, KE's Digital Media Team won the "Best Digital Team" Award at the Pakistan Digi Awards making it our third Pakistan Digi Award in two years. KE's social media platforms maintained an average response rate of 95% to 97% throughout the year along with an average response time of 3-5 minutes. KE's social media platforms continued to see a consistent increase in users, making it first choice for customers requiring services on the go with its 24/7 real time presence. Apart from official customer service platforms, KE continues to engage with its customers through an enhanced presence on social media platforms such as Facebook, Twitter, Instagram, LinkedIn and Youtube.

The Company also conducted its annual study into consumer satisfaction and brand perception through Nielsen, the research firm. In addition to numerous valuable insights, the Brand Equity Index of the company went from its previous score of 5.2 to 6.5 in 2018.

Educating our users about the benefits of conservation is a pivotal aspect of our customer-centric approach. KE also makes recommendations which translate into economic savings, playing an important role in preserving natural resources as well as protecting the environment, at the same time achieving optimisation of the company's electrical network. In FY 2018, KE conducted several energy audits and hundreds of power factor improvement surveys.

These are conducted by a team trained on the global ISO 50001 standard for energy management systems. This has helped in making concrete recommendations on energy efficiency in industrial, commercial and public sectors that translate into economic savings through energy efficient transformation.

ENVIRONMENTAL, SOCIAL, GOVERNANCE & SUSTAINABILITY MANAGEMENT

While Corporate Social Responsibility (CSR) is often viewed as a benevolent supplement to a company's activities, for K-Electric CSR is embedded within our organisational DNA as we believe that the growth of the communities within which we operate and the socio-economic development of our city and nation is intertwined with the Company's growth. Our vision encompasses long-term growth not just for customers and employees, but also for the wider society and our ties to the city are visible in our wide range of educational, health, environmental and sports projects.

Under our Social Investment Programme (SIP), KE provides free or subsidised electricity to 16 philanthropic institutions in the city, including schools and major hospitals such as SIUT, TCF, Indus Hospital, LRBT, The Kidney Center and SOS Children's Village among others. With this programme, KE provides a lifeline for the underprivileged and has benefitted more than 4.9 million people.

The utility has adopted a structured approach of partnering with communities, and KE's flagship Project Ujala exemplifies this approach. This project is being carried out all across Karachi and in FY 2018, we worked with 40 communities to end power theft and bring about a positive change for millions of people by spreading Ujala (Urdu for 'light') in their lives. The project supports community in the areas of education, health and social development and collaborates with residents for the installation of kunda-resistant Aerial Bundled Cables and low-cost meters. By doing so, the utility paves the way for better livelihoods, a reliable supply of electricity and consistent voltage. To make the project a success on the ground, KE reaches out to social, political and religious influencers in the targeted communities. In addition, free health camps and medicines, as well as massive clean-up drives, are arranged for communities who come forward to get legally connected to KE's distribution and billing system. Ultimately, Project Ujala ensures reliable and consistent energy access to areas where energy access penetration was low and where the socio-economic quality of life suffered as a result. It is also noteworthy that this initiative is sustainable because it creates a win-win situation – communities benefit through energy access and KE manages to reduce losses, strengthen its network and grow its business. In FY 2018 over 15,000 community residents were treated at the health camps across Lyari, Malir, Shah Faisal, Orangi, Manghopir and Sohrab Goth amongst others. Since the start of Project Ujala, over 5,000 PMTs have been converted to ABC benefitting over 5 million people.

We also focus on youth engagement and knowledge sharing collaborating with universities to include students in industrial visits to our plants. To date more than 9,000 students have been part of KE's youth engagement platforms.

Under KE's Plant for Pakistan campaign, KE has pledged to plant trees across the city to help combat climate change. Till FY 2018 KE planted over 80,000 trees and over 12,000 youth has been engaged in these efforts.

Through these and planned future initiatives, KE's commitment to growing along with the communities that we operate in is reiterated and this vision is inherent in our logo, which incorporates three colours that express the key facets of the organisation: orange for energy; blue for community; and green for environment.


FREE MEDICAL CAMP
in collaboration with
KE


KE
KE اجالا مفت طبی کیمپ
MALC کے تعاون سے

ENERGY MANAGEMENT INITIATIVES

In FY 2018, KE continued its mission of educating its customers about the importance of energy management and conservation.

In the preceding year, the ISO 50001 Energy Management System was rolled out across the company. Under this detailed energy management framework, the Company saved 9.3 MW and reduced carbon emissions by 14,777 MT CO_2 in FY 2018.

By adhering to the high standards of the ISO 50001 Energy Management System, KE's Energy Conservation team of certified Lead Auditors has enabled KE's Bin Qasim Power Station II and Korangi Combined Cycle Power Plant to achieve ISO 50001 certification, by conducting a baseline gap analysis, developing documentation, and assisting in implementation of this energy management system. In FY 2018, BQPS-II became the first power plant in Pakistan to achieve this prestigious certification.

As part of an energy audit service, a set of tailored recommendations based on global standards, including ISO 50001, with financial payback information is provided to customers, to incentivise the shift to energy efficient appliances. In the few years since this service has been provided by the Energy Conservation department, KE has conducted over 395 audits, which have resulted in a carbon footprint reduction of more than 107,000 MT. In FY 2018 alone, KE conducted energy audits for the Social Investment Programme (SIP) partners to optimise their energy use and maximise energy savings, including the Sindh Institute of Urology and Transplantation (SIUT), Layton Rehmatullah Benevolent Trust (LRBT) Eye Hospital, Karwan-e-Hayat, Bait-ul-Sukoon Cancer Hospital, Marie Adelaide Leprosy Center and The Kidney Center.

As part of KE's concerted efforts towards providing effective demand side management services to its industrial consumers, we introduced Power Factor Improvement Programme (PFIP), a counseling project regarding power factor improvement awareness, whereby surveys are conducted for consumers charged with medium-to-high power factor (PF) penalties in their monthly utility bills. The programme is designed to counsel and advise consumers about the importance and benefits of power factor improvement, and to improve the quality of power supply and voltage profile besides the reduction in technical losses and carbon footprints. In FY 2018, 865 surveys were conducted, resulting in a release of 72 MVA of apparent power and reduction of 84,225 MT of CO_2 emissions.

The Energy Department, Government of Sindh and KE have inked a Memorandum of Understanding (MoU) to raise public awareness around Energy Conservation and actively promote Energy Efficiency Initiatives. Through the initiative, the Government of Sindh will also facilitate KE in conducting energy reviews of various Government of Sindh offices to recommend energy efficient practices.

KE actively promotes the inclusion of solar and renewable energy technologies. In FY 2018, the department actively engaged with KE consumers and provided consultancy for projects totaling over 1.5 MW. As a proof of its commitment to promote solar energy, KE undertook a landmark 35 kW project at the Sindh Chief Minister (CM) House, which marked the initiation of a long-term collaboration with the Sindh Energy Department on Energy Efficiency and Renewable Energy. Under this collaboration, KE also took part in an extensive exercise with the Government of Sindh for estimating the total solar potential at government sites for a World Bank Project.

To promote penetration of distributed renewable energy and offset the demand-supply imbalance, KE launched net metering for its consumers in FY 2018. A dedicated Net Metering Facilitation Center at KE's Elander Complex has processed several applications and conducted multiple vendor consultation sessions to clarify and expedite the process steps. Through this innovative mechanism KE is set to achieve and go beyond the goal of 1 MW of green energy within six months.

OUR PEOPLE ARE THE KEY TO OUR SUCCESS

K-Electric's sustainable growth and transformation over the last 9 years has been underpinned by the dedication of employees at all levels of the organisation from the field-force to the leadership. Realising that the commitment and competence of our human capital will drive our progress over the next decade, we continue to invest in scaling up our human resource capabilities and strengths through comprehensive development programmes across a variety of subjects. In order to inculcate in its employees a sense of leadership and ownership, the Company has placed special emphasis on Leadership development. The Company executed a four-phase comprehensive programme to sharpen Leadership skills of individuals emphasising self-awareness, strategic thinking and innovation.

The previously launched AZM Learning (Online Learning Management System) continued to grow in FY 2018 through pre-recorded lectures, score-based e-modules that engaged employees and enabled them to take control of their learning and manage their pace. The total number of learning hours via AZM Learning in FY 2018 was 102,079 and total courses were 133.

Harnessing technology to drive ease of access and greater engagement across the organisation, KE has accelerated the digitisation of services; People Connect, an e-platform which enables employees direct access to support services conveniently while also ensuring easier tracking, faster turnaround and the environmental benefit of reduced paper consumption. In addition to a walk-in lounge, email, dedicated call center and internet portal, the e-platform was augmented through a mobile application, developed in-house to provide 24/7 mobility and flexibility.

During the year, KE employees embarked on a 'well-being journey' together under the umbrella of Work Place Vitality, a drive that promotes physical, emotional, financial and community well-being. The drive is aimed at building an environment that is vibrant, thriving and alive with potential, hence energised. The drive has been structured on the four components of Vitality Framework i.e. Health Assessment, Health Awareness, Supportive Environment and promoting Healthy Lifestyle. The drive has already covered over a thousand employees and is progressing swiftly to cover the rest.

KE won an award for Excellence in Women Empowerment 2018 at a ceremony held by the Employer's Federation of Pakistan. This was the second consecutive year where the Company was recognised for its initiatives in the Diversity & Inclusion category. In line with a long-term plan to embed a culture of diversity and inclusion, the Company has already deployed several initiatives including Pakistan's first-ever Women Meter Readers that will expand the role of women across the organisation in both technical and non-technical roles.

Through the above initiatives, supplemented by ongoing youth-development efforts at universities which give students an opportunity to experience what it means to power a city, KE has taken long strides in its journey to establish itself as an employer of choice among the leading companies of the country.

CORPORATE GOVERNANCE

The Board of Directors' Role

A thirteen (13) member Board of Directors is elected by the shareholders of the Company and is therefore accountable to the shareholders for the discharge of its fiduciary functions in the best interest of the Company. The Board recognises its fundamental responsibility to safeguard and enhance shareholders' value and stewardship of the Company's assets and sets its principal focus on strategic direction, key policy framework, provides oversight in the governance, management and control of the Company's long-term business plan, setting the goals, objectives and formulating policies and guidelines towards achieving those goals and objectives and adoption of best practices of good corporate governance. The Board reviews and approves financial performance and financial statements with the main focus on the auditors' observations, business policies and practices, ethics, values and code of conduct, annual budget and major capital expenditure programs, internal controls, governance and compliance framework.

The responsibilities of the Board have increased manifold with the enforcement of Companies Act 2017 and CCG 2017 etc. introducing a strict governance, compliance, reporting and disclosure environment envisaging timelined corporate and other actions. KE BOD is fully aware and cognisant of its duties and responsibilities and, for the purpose, has constituted a number of Directors' Committees to oversee the entire functional ambit of the Company.

The Board is fully aware of its role in between the responsibility and authority matrices of the management and the shareholders; the delicate balance is kept intact by not getting involved in day to day management of the Company and simultaneously obtaining all shareholders related statutory approvals in a timely manner. The Directors exercise managerial oversight to provide strategic guidance, whereas the management and the performance of the Company are the responsibility of executives. It is management's fundamental responsibility to implement the policies, guidelines and strategic direction laid down by the Board aiming to achieve short and long-term objectives of the Company. By adopting this balanced and prudent approach, the Board not only avoids overlaps, controversies and auditors' and regulators' questions but also places itself in a much better position to build and improve shareholders value, key performance indicators, governance and Company's image.

Roles and Responsibilities of the Chairman and the Chief Executive Officer (CEO)

For more than the last two decades, the Board as a matter of policy, ensured that the positions of Chairman and CEO are entrusted in separate persons. The roles and responsibilities of the Chairman and CEO are distinct and clearly defined.

The Chairman is a non-executive Director and provides leadership to the Board, chairs the Board meetings and ensures that the Directors are kept properly informed and all the issues which are required to be considered at the Board level are presented to the Board and Board's decisions are implemented in a timely manner and that the views of the shareholders are known to the Board. The Chairman evaluates the performance of individual Directors on the basis of attendance in Board and Board's committee meetings, level of participation and value addition through suggestions and recommendations. The Chairman meets and consults the Directors, especially non-executive and independent ones on a regular basis to discuss corporate governance issues, performance of the Company and conducive environment enabling the Directors to fulfil their fiduciary duties.

Whereas, the CEO has the ultimate responsibility of leading the management, operational performance of the Company, handling the day-to-day affairs and implementing the policies, strategies and business plans approved by the Board and risk management alongside custody and maintenance of Company's properties, assets, records and accounts in accordance with set out policies, statutes, guidelines and standards. CEO exercises powers vested in him through the Companies Act 2017, KE Memorandum & Articles of Association, General Power of Attorney and any other mandate given by the Board from time to time. The CEO is also responsible for the smooth functioning of the business with optimum utilisation of the Company's resources and effective implementation of internal controls.

Board's Performance Evaluation

The KE Board is comprised of professionals representing various work streams possessing diversified experience and expertise and fully believes in the importance of globally recognised best practices of good corporate governance. Providing upfront leadership and setting high performance standards & values are the core ingredients of Board's vision and strategic policy, with firm conviction that it is the Board's performance which ultimately decides the future of the Company and its position among the peers.

The process to put in place a formal and effective mechanism for annual evaluation of the Board's own performance, members of Board and of its committees, has been initiated. A questionnaire with main focus on some basic issues relating to conduct and performance of the Board was circulated in June 2018 to the directors seeking their input on certain fundamental yardsticks. Board Human Resource & Remuneration Committee (BHR&RC) is mandated to undertake annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant. BHR&RC would review the input of the directors and would decide to undertake the said evaluation internally or to engage external independent consultant. Nevertheless, the process will remain more or less the same whether done internally or externally and include interview, open discussion with individual / group of directors mainly focusing on some of the specific questions relating to performance and conduct of the Board. Alongside, professional institutes/entities possessing experience and expertise on the subject are being consulted for the purpose.

Essentially, the Board's performance evaluation is based on how effectively and efficiently it discharges its fundamental responsibility to safeguard and enhance shareholders' value, setting policy framework, strategic direction, oversight, control and good corporate governance. KE being a public utility in the private sector, therefore remains under active focus of over 22 million citizens of Karachi and the Directors, in addition to having first-hand information about the Company's performance, through independent coverage by electronic & print media and customers' direct feedback through emails and other modes, in relation to key performance indicators such as load-shed, tripping & breakdowns and billing & customer services related issues which are used as a yardstick to judge and evaluate the Company's as well as the Board's performance.

Simultaneously, an informal Board's performance evaluation mechanism is also in place based on meaningful participation and input of executive, non-executive and independent Directors. The Board evaluates its performance in an objective manner on a regular basis, essentially based on the overall performance of the Company, and the implementation of strategic policies & business plans and achievement of budget targets and key performance indicators. In every meeting, the Board takes stock of successful achievements of the strategic and business objectives of the company vis-à-vis set targets, continued compliance with regulatory requirements and best practices of good corporate governance with added focus on its sustainability strategy based on corporate social responsibility.

As a part of evaluation process, the Board, on a regular basis, analyses segmented performance of the Company and also reviews reports and recommendations of respective Board and Management committees, gives direction to address any inefficiency / delay and sets timelines for corrective actions. The Board further ensures that all of its decisions and guidelines are observed in letter and spirit and there is a standing discussion point for every Board meeting viz. "Report on Implementation of Board's Actionable Decisions" under which the status update of previous Board's decisions/directions is presented which further enables the Board to evaluate the effectiveness of its role and take any additional actions. The Chairman consults the Directors, especially non-executive and independent ones on policy and governance related issues and performance of the Company and effectiveness of Board's role and suggestions for further improvement. The Board values independent professional input and places special attention on the report of external auditors on six monthly and annual financial statements of the Company and the points raised and issues highlighted by them are deliberated at length by the Board Audit Committee as well as by the Board itself. The Board considers these observations and reports as an independent assessment/evaluation of the Board's performance and as an instrument to identify the issues requiring more efforts to strengthen Board's role in successful achievement of strategic objectives and implementing long-term business plan of the Company to benefit all stakeholders.

CEO's Performance Review by the Board

CEO holds key position in the Company and liaises between Board and management and ensures effective & meaningful communication between management and Board with main focus on governance and operational management of the Company in a professional manner, essentially in line with policies and strategic direction set out by the Board to achieve operational, financial and strategic objectives of the Company. Key Performance Indicators (KPIs) and responsibilities of CEO include smooth functioning of the business with optimal utilisation of the Company's resources and effective & timely implementation of Board's directions / decisions, internal controls and improving operational and financial performance of the Company, which ultimately determine his performance level.

The Board appoints CEO for a three-year term considering recommendations of Board Human Resource & Remuneration Committee (BHR&RC) which is also mandated for his performance evaluation and reports to the Board. Alongside, the Board sets key operational and financial targets and policy guideline at the time of approving Annual Budget of the Company. The CEO provides leadership to the management team in achieving the set objectives / targets and presents to the Board on quarterly basis a report showing the level of achievement in relation to key budget targets, supported by an objective comparison of actual performance with the budget and last year's performance elaborating variance analysis / justifications. Further, in every Board meeting a business update is presented to the Board by CEO and KE leaders envisaging operational and financial performance of the Company and key issues, major projects, opportunities and challenges facing the Company, suggesting the way forward and seeking the Board's guidance to address the issues to uphold interest of the Company. Invariably, the Board in every meeting, reviews a report on implementation of its earlier decisions in terms of timelines, cost estimates and benefits to the Company which, in effect, is tantamount to CEO's performance evaluation in achieving the set targets.

In fact, CEO's performance evaluation by the Board provides constructive support to the management actions, enhances trust level, transparency and inculcates a collective decision-making process to improve Company's performance and value addition for all the stakeholders. Further, review and approval of Company's annual audited financial statements by BAC and BOD is, among other things, used as CEO's performance review through an objective comparison of actual results vis a vis preset strategic, operational and financial goals, and effective implementation of strategic decisions and policies of the Board. Moreover, sufficient details on Company's overall performance, governance structure and control environment are available in observations and findings of BAC and report of statutory auditors on financial statements and CCG compliance discerning the level and effectiveness of CEO's performance and assist the Board in conducting a performance review.

Conflict of Interest Policy

The Board of Directors of the Company places main emphasis on identification, monitoring and management of conflict of interest relating to Board members and officers of the Company. The Company's policy on the subject is fundamentally driven through the direction and guideline provided by the Companies Act 2017 and Code of Corporate Governance Regulations 2017 and is further augmented by the Code of Conduct enforced by the Board, setting high general and company-specific ethical standards, best practices of good corporate governance and enabling mechanism with main focus to uphold interest of the Company.

It is ensured that every Director at the time of his / her appointment, along with consent, provides to the Company a signed declaration detailing there-in all contracts, agreements and arrangements in which he / she is interested directly or indirectly and to immediately disclose any subsequent addition / change, thereof. Disclosure of the said interest is placed in the very next Board meeting ensuring that the interested Director does not participate in voting / discussion on the subject. Requirement of specified number of independent Directors to constitute quorum in a board meeting discussing the said agreements etc. would be observed after next election of directors. Moreover, requirement of shareholders' approval in relation to conflict of interest cases under specified circumstances will be observed in letter and spirit.

Simultaneously, any officer of the Company who is in any way, directly or indirectly, concerned or interested in any contract or arrangement with the Company is required to disclose his /her interest as above and obtain approval of the Board before entering into any such contract or arrangement.

Discussion/decision on the said issues is duly recorded in the minutes of meeting and entered into statutory register maintained for the purpose. Alongside, all transactions with related parties are duly approved by the Board Audit Committee and Board of Directors and properly disclosed in the financial statements of the Company.

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

The Company, as a matter of policy, values equity contribution, irrespective of quantum of investment, of present and prospective investors who collectively form capital base of the Company. In general, shareholders and investors are kept informed of the Company's affairs on a regular basis. For the purpose, the Company maintains a comprehensive website and "Investors Relations" segment on KE's website, essentially designed to provide shareholders and investors with key financial, operational highlights, material information, key projects and other corporate & regulatory updates to facilitate making informed and timely investment decisions. All material information and disclosures are timely updated on Company's website alongside simultaneous regulatory corporate announcements through SECP and PSX. Whereas, specific queries including grievances and requests for information are dealt with by Corporate Affairs Team in a professional and proactive manner. With an objective to facilitate and encourage shareholders and prospective investors to provide their feedback / suggestions / queries / complaints and request for any info/ document, Investor Relation segment prominently specifies complete details of contact person of the Company in addition to the links to Securities & Exchange Commission of Pakistan (SECP)'s 'Service Desk' and investor education portal 'JamaPunji' and Pakistan Stock Exchange (PSX). Internal controls and monitoring mechanism are in place to ensure that personal, telephonic, emails and written requests of the shareholders and / or prospective investors and letters received through SECP or PSX are given prioritised attention and the issues are promptly addressed and responded to at the earliest.

Policy for Safety of Records

K-Electric fully recognises the importance of historical and valuable records which it carries relating to over a century's period since its incorporation back in 1913. Therefore, in view of KE's unique position as above, its policy for safety of records is primarily designed to preserve the essential documents for periods beyond the statutory time limits set by the regulators. Given the age of the Company and periods when electronic means and facilities were practically non-existent, most of the records were in physical form and prone to defacement. The said records include constitution documents, legal, corporate, property title documents, original contracts / agreements, financial statements, share certificates, statutory registers, minutes & policy decisions taken in the meetings of Board of Directors and shareholders and others. The policy framework envisages identification of essential documents and then to categorise these documents on the basis of valuation in terms of corporate, legal, financial etc., importance and validity and then the documents are accordingly earmarked for appropriate storage facility. Accordingly, valuable original property title documents, constitution documents, key agreements and others are prioritised for safe custody in fire-proof cabinets.

A computerised database of all records in safe custody is in place with the procedure and authority levels for putting in and taking out any essential document, in addition to periodical checks and internal control mechanism. As a backup support, an ongoing parallel I.T. based digitisation / screening and scanning process was undertaken a couple of years ago focusing on value documents of the Company. While the Company has been performing record safety functions in-house; a reputable professional service provider was engaged a few years ago with a view to diversify, economise the process and enhance productivity but without compromising on service quality and confidentiality of the records. Outsourcing is however limited and restricted to less important records of the Company and is subject to monitoring and regular review; the arrangement is working satisfactorily.

Company has successfully achieved ISO27001:2013 Certification of Information Security Management System (ISMS) in April 2017. Through this Management System, it ensures that adequate policies are in place for safety of records throughout the company's systems. These policies and their implementation are regularly subject to internal and external Audits.

Whistle-Blower Policy, AZM Speak Up and ‘Awaaz’Advocacy Channel

KE values an open dialogue on integrity and responsibility in interactions with its employees. It created a direct communication bridge between the leadership and the employees through various communication mediums which include confidential email address, PO BOX and hotline. KE employees can directly report misconduct or any unethical practice through these mediums. KE also encourages its employees to give suggestions and feedback on a specific topic or idea. Investigations on a specific complaint are ordered by the highest authority of the relevant department. KE investigates all alleged breaches of its code and applies appropriate measures when complaints turn out to be substantiated.

Risk Management and Business Continuity Plan

The Board of Directors and the management periodically review major financial and operating risks faced by the business. Although mitigation strategies are implemented for all identified operational and financial risks, the organisation is working on a holistic Business Continuity Plan (BCP). Through the BCP, the organisation plans to reduce the impact of disasters by adopting suitable disaster mitigation strategies catering to the Business units and their support functions.

Management teams assess, review and manage Technology and Information Security Risks on regular basis through an integrated Risk Management approach for Company’s critical assets and resources based on various risk factors.

Business Continuity and Disaster Recovery plans are in place and are documented, maintained and regularly tested by respective departments.

Disaster Management Plan

The disaster management plan is categorised into the following three types of response elements as the initial part of the BCP project:

- Operational Response: To get the disruption under control as quickly as possible so that normal operations can be resumed.
- Management Response: To allocate resources and make critical decisions needed to resolve the situation.
- Communication Response: To communicate effectively with the employees, their families, officials, customers, other agencies and media.
- Management has documented and maintained the Disaster Management Plan to ensure availability of critical services, systems and processes in disaster situations. This Plan is regularly checked and updated on the basis of testing drills and exercises conducted throughout the year.

We have disaster management plans in place for all our critical business operations like IT, distribution, transmission, generation and finance.

REPORT OF THE BOARD AUDIT COMMITTEE

The role of the Board Audit Committee (BAC) in the context of Board's broader governance framework is to monitor the integrity of financial information and provide comfort to the Board that Company's internal controls are appropriately designed, implemented and regularly reviewed.

Committee's Procedures

The Committee reviews the Company's financial performance, business plans and other key performance indicators and internal audit reports. The Committee met four times during the financial year ended June 30, 2018. In compliance with the corporate governance guidelines, the Committee meets external and internal auditors at least once in a year without the management team. The terms of reference of the Committee are duly approved by the Board and are available in the annual report.

Internal Audit

KE treats Internal Audit (IA) as an independent assurance and consulting activity designed to add value and improve its operations. KE's Internal Audit Department (IAD) is independent of the activities being audited and the Chief Internal Auditor reports directly to the Board Audit Committee. The IAD is governed by an IA charter duly approved by the Committee, which describes the purpose, authority, responsibility and reporting relationship of IAD.

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

The Committee on the basis of IA reports reviews the adequacy of internal controls and discusses corrective actions in the light of Management responses. This review allows the Company to improve controls and compliance in areas where weaknesses are identified.

The Committee also reviews and ensures that IA function is adequately staffed with professionals who possess the requisite internal audit training and experience to perform their duties.

External Audit

The external auditors of the Company have completed their audit of the Company's Financial Statements and Statement of Compliance with Code of Corporate Governance for the financial year ended June 30, 2018. The Committee has reviewed and discussed audit observations with external auditors and they have been allowed direct access to the Committee to ensure their independence and objectivity. The Committee also met with the external auditors without the management team.

Coordination between external and internal auditors is also enabled and encouraged to allow sharing of information in order to ensure integrity of financial reporting system and its compliance with laws and regulations.

The Committee undertakes a periodic review of the appointment of external auditors, taking into consideration number of factors such as, assessment of past performance, quality of ongoing discussions and the length of time the firm has been engaged for. Based upon the results of evaluation, the Committee has recommended reappointment of the current external auditors to the Board.

Mr. Khalid Rafi
Chairman, Board Audit Committee

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 FOR THE YEAR ENDED JUNE 30, 2018

This statement is being presented to comply with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (Code).

The Company has applied the principles contained in the Code in the following manner.

1. The Company encourages representation of Independent, Non-Executive Directors and Directors representing minority interests on its Board of Directors. During the year ended June 30, 2018 and at present, the Board comprised of the following members:

CATEGORY	NAME	DOA/E	DOE
Independent Director	**Khalid Rafi**	October 8, 2012*	
Executive Director	**Syed Moonis Abdullah Alvi, CEO**	June 7, 2018*	
Non-Executive Director	**Ikram Ul-Majeed Sehgal, Chairman**	January 18, 2019*	
	Adeeb Ahmad	July 4, 2019*	
	Chaudhary Khaqan Saadullah Khan	October 16, 2015*	
	Dr. Ahmed Mujtaba Memon, GOP nominee	June 7, 2018*	
	Mubasher H. Sheikh	November 29, 2005*	
	Muhammad Abid Lakhani, GOP nominee	July 30, 2019*	
	Riyadh S. A. A. Edrees	July 30, 2019*	
	Ruhail Muhammad	July 30, 2019*	
	Shan A. Ashary	November 29, 2005*	
	Waseem Mukhtar, GOP nominee	April 15, 2019*	
Ceased to be directors	**Aziz Moolji**	September 29, 2014	May 6, 2019
During FY 2018 till	**Frederic Sicre**	May 7, 2013	February 8, 2019
18 Sept 2019	**Muhammad Tayyab Tareen**	May 27, 2009	January 18, 2019
	Omar Khan Lodhi	August 26, 2010	February 8, 2019
	Waqar H. Siddique	October 16, 2015	June 7, 2018
	Zafar Abbas	October 16, 2015	August 9, 2017
	Muhammad Zubair Motiwala, GOP nominee	February 23, 2016	July 30, 2019
	Muhammad Anwar Sheikh	December 30, 2016	June 7, 2018
	Dr. Aamer Ahmed	August 9, 2017	December 14, 2018
	Hassan Nasir Jamy	December 14, 2018	February 13, 2019
	Syed Mohammad Akhtar Zaidi	April 15, 2019	July 29, 2019
	Nayyer Hussain	May 27, 2009	September 18, 2019

DOA/E = Date of Appointment / Election
DOE = Date of Exit

* Subsequent to the year end on July 30, 2019 election of Directors was held as a result of which these Directors were re-elected.

The independent Director meets the criteria of independence under clause i(b) of the Code of Corporate Governance 2012 and the Companies Act, 2017.

2. The Directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI, or being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Casual vacancies occurring on the Board on August 9, 2017 and June 7, 2018 were filled up by the Directors on the same day.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and non-executive Directors have been taken by the Board. Further, the related party transactions were approved by the Board subsequent to year end.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter except in third quarter of the year. Whereas, in the subsequent quarter, i.e. from April 1, 2018 to June 30, 2018, three Board meetings were held. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings, other than emergent Board meetings for which waiver was duly obtained from the Board. The minutes of the meetings were appropriately recorded and circulated.

   In March 2016 the Company filed a petition with National Electric Power Regulatory Authority (NEPRA) for renewal of Multi-Year Tariff which expired on June 30, 2016 (MYT 2009-16). NEPRA determined the new MYT (MYT 2017-23) after about one year in March 2017, against which the Company filed a review petition with NEPRA in April 2017. NEPRA announced its decision dated October 9, 2017 on the Company's review petition, however, did not address genuine and critical concerns of the Company. The Ministry of Energy (Power Division), Government of Pakistan (MOE) taking note of the situation filed a 'Reconsideration Request' with NEPRA on October 26, 2017 to reconsider afresh its earlier determination. NEPRA issued its final determination on July 5, 2018 and the related notification was issued on May 22, 2019. In the absence of determined tariff due to the reasons and circumstances narrated above, the annual financial statements of the Company for the year ended June 30, 2018 and the quarterly financial statements of the Company for the quarters ended September 30, 2017, December 31, 2017 and March 31, 2018 could not be finalised within the statutory timelines.

   Further, due to extensive engagement of management team of the Company in connection with the above mentioned tariff matter, the meetings of the Board and the Board Audit Committee could not be convened in third quarter of the year i.e. during the period January 1, 2018 to March 31, 2018.

9. Up to June 30, 2018, four Directors of the Company have acquired certification under the Directors Training Program offered by Pakistan Institute of Corporate Governance.

10. During the year ended June 30, 2018, the Chief Internal Auditor (CIA) was appointed with the approval of the Board. However, there was no fresh appointment of the Chief Financial Officer (CFO) and Company Secretary during the year. Further, revision in the remuneration of the CFO, the Company Secretary and the CIA for the year ended June 30, 2018 was made as per the Company policy in line with their terms of appointment.

11. The Director's Report for the year ended June 30, 2018 has been prepared in compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and fully describes the salient matters required to be disclosed.

12. The annual financial statements for the year ended June 30, 2017 and the quarterly financial statements for the quarters ended September 30, 2017, December 31, 2017 and March 31, 2018 were prepared subsequent to the year end, due to the reasons described in paragraph 8 of this statement. These annual / quarterly financial statements have been duly endorsed by the CEO and the CFO prior to approval of the same by the Board.

13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate requirements of the Code, except for delay in financial reporting requirements as annual financial statements for the year ended June 30, 2017 and the quarterly financial statements for the quarters ended September 30, 2017, December 31, 2017 and March 31, 2018 were prepared and approved subsequent to the year end. The reasons and circumstances for delay in releasing the said annual and quarterly financial statements of the Company and non-holding of the meeting of the Board during third quarter of the year have been explained in paragraph 8 of this statement. Moreover, related party transactions were placed before the Audit Committee and the Board of Directors for their recommendation and review and approval subsequent to the year end.

15. The Board has formed an Audit Committee comprising of four (4) members, all of whom are Non-Executive Directors and the Chairman of the Committee is an Independent Director.

16. A total of four meetings of the Audit Committee were held during the year ended June 30, 2018. Two meetings were held in first quarter of the year while in second and fourth quarter of the year one meeting each was held. No meeting of the Audit Committee was held during the third quarter due to circumstances fully explained in paragraph 8 of this statement. The terms of reference of Audit Committee have been formed and advised to the committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee (BHR&RC). It comprises of three (3) members, of whom two were non-executive Directors from July 1, 2017 to June 7, 2018. While for the remaining part of the year i.e. up to June 30, 2018 all members of the BHR&RC were non-executive Directors. The requirement of CCG 2017 that Chairman of the BHR&RC should be an independent director was complied with subsequent to the year end.

18. The Board has set up an effective internal audit function manned by suitably qualified and experienced personnel that are involved in the internal audit function on a full-time basis and are conversant with policies and procedures of the Company.

19. The joint statutory auditors of the Company, i.e. M/s. A.F. Ferguson & Co. and M/s. BDO Ebrahim & Co., have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firms, their spouses and minor children do not hold shares of the Company and that the firms and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, the Code or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of the interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, employees and the Pakistan Stock Exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through the Pakistan Stock Exchange.

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all requirements of the CCG have been complied.

For and on behalf of the Board of Directors

Ikram Ul-Majeed Sehgal
Chairman

Syed Moonis Abdullah Alvi
Chief Executive Officer

Karachi, September 18, 2019

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of K-Electric Limited

Review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of K-Electric Limited (the Company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

S. No.	Paragraph reference	Description
(i)	8 & 16	No meeting of the Board of Directors and the Audit Committee was held in the third quarter of the year i.e. from January 1, 2018 to March 31, 2018.
(ii)	12 &14	The annual financial statements of the company for the year ended June 30, 2017 and the quarterly financial statements for the quarters ended September 30, 2017, December 31, 2017 and March 31, 2018 were prepared and approved subsequent to the year end. Moreover, related party transactions were placed before the Audit Committee and the Board of Directors for their recommendation and review and approval subsequent to the year end.
(iii)	17	Independent Director was appointed as Chairman of the Human Resource & Remuneration Committee (HR&RC) subsequent to year from November 19, 2018.

A. F. Ferguson & Co.
Chartered Accountants

BDO Ebrahim & Co.
Chartered Accountants

Place: Karachi
Date: October 03, 2019

STATEMENT OF COMPLIANCE PREPARED BY MANAGEMENT

Statement of Compliance with the Issue of Sukuk Regulations, 2015

This Statement is being presented to comply with the requirements under the Issue of Sukuk Regulations, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP). This Statement of Compliance (the Statement) is for the year ended June 30, 2018.

The financial arrangements, contracts and transactions, entered into by K-Electric Limited (the Company) in respect of Rs.22,000 million Sukuk-ul-Shirkah for the period from July 1, 2017 to June 30, 2018 are in compliance with the Sukuk features and Shari'ah requirements in accordance with the Sukuk Regulations, 2015.

We also confirm that:

- The Company has established procedures and processes for all Sukuk related transactions to comply with Sukuk features and Shari'ah requirements.

- The Company has implemented and maintained such internal control and risk management system, the management determines are necessary to mitigate the risk of non-compliances of the Sukuk features and Shari'ah requirements, whether due to fraud or error.

- The Company has a process to ensure that the management, where appropriate, those charged with governance and personnel involved with the Company's compliance with the Sukuk related features and Shari'ah requirements are properly trained and systems are properly updated.

The Sukuk features and Shari'ah requirements shall mean the following:

- Requirements of the Fatwa (Shari'ah opinion) dated February 6, 2015 issued by Shari'ah Advisory Board.

- The Company's compliance with terms of the documents listed in Fatwa dated February 6, 2015.

- Compliance with the Issue of Sukuk Regulations, 2015 issued by the SECP.

Syed Moonis Abdullah Alvi
Chief Executive Officer

Karachi, September 18, 2019

INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS ON THE STATEMENT OF COMPLIANCE WITH THE ISSUE OF SUKUK REGULATIONS, 2015 FOR THE YEAR ENDED JUNE 30, 2018

Scope of our Work

We have performed an independent assurance engagement of K-Electric Limited (the Company) to express an opinion on the annexed Statement of Compliance with the requirements of the Issue of Sukuk Regulations, 2015 as notified by the Securities and Exchange Commission of Pakistan (SECP) for the year ended, June 30, 2018 here-in referred to as (the statement).

Applicable Criteria

The criteria for the assurance engagement against which the underlying subject matter (the statement) is assessed comprises of compliance with the features and Shariah requirements of Sukuk in accordance with the requirements of the Issue of Sukuk Regulations, 2015. Therefore, the underlying subject matter may not be suitable for another purpose. Our engagement was carried out as required under Rule 13 of Chapter V of the Issue of Sukuk Regulations, 2015 as notified by the SECP.

Responsibility of the Company's Management

The responsibility for the preparation and fair presentation of the Statement (the subject matter information) and for compliance with the features and Shariah requirements of Sukuk in accordance with the requirements of the Issue of Sukuk Regulations, 2015 is that of the management of the Company. The management is also responsible for the design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant documentation/records. The management is also responsible to ensure that the personnel involved are conversant with the Criteria for the purpose of the Company's compliance.

Our Independence and Quality Control

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. The firms apply International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, And Other Assurance and Related Services Engagements" and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of Independent Assurance Provider

Our responsibility is to express our conclusion on the Statement based on our independent assurance engagement, performed in accordance with the International Standard on Assurance Engagements 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' (ISAE 3000). This standard requires that we plan and perform the engagement to obtain reasonable assurance about whether the annexed Statement reflects the status of the Company's compliance with the features and Shariah requirements of Sukuk in accordance with the requirements of the Issue of Sukuk Regulations, 2015 and is free from material misstatement.

The procedures selected by us for the engagement depend on our judgment, including an assessment of the risks of material non-compliances with the Criteria. In making those risk assessments; we have considered internal controls relevant to the Company's compliance with the Criteria in order to design procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Company was not materially non-compliant with the Criteria. Our engagement was not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Our procedures applied to the selected data primarily comprised of:

- Inquiry and evaluation of the systems, procedures and practices in place with respect to the Company's compliance with the Criteria;
- Verification of Sukuk related transactions on a sample basis to ensure the Company's compliance with the Criteria during the year ended June 30, 2018;
- Review of Shariah structure, transaction documents and Shariah approval letter issued by the Shariah Advisor of the Sukuk; and
- Review of the Statement based on our procedures performed and conclusion reached.

We believe that the evidences we have obtained through performing our aforementioned procedures were sufficient and appropriate to provide a basis for our opinion.

Conclusion

Based on our independent assurance engagement, in our opinion, the Statement reflects in all material respects, the status of the Company's compliance with the features and Shariah requirements of Sukuk in accordance with the Issue of Sukuk Regulations, 2015.

A. F. Ferguson & Co.
Chartered Accountants

BDO Ebrahim & Co.
Chartered Accountants

Place: Karachi
Date: October 03, 2019

MAJOR BUSINESS RISKS AND THEIR MITIGATION

KE conducts business in a complex and challenging regulatory environment and is therefore exposed to a number of external and internal risks that may present threat to its success and profitability. Every business decision taken is based on the underlying risk against rewarding opportunities.

Risk management is one of the essential elements of the Company's corporate governance and creates a balance between entrepreneurial attitude and risk levels associated with the business opportunities. KE considers a number of risks that may substantially affect the company's ability to create long-term values and may considerably influence the stakeholders' decisions. Major risks and their mitigating strategies are:

Major business risk	Mitigating factors / actions in place
Gas and fuel shortage (Raw material)	• Active collaboration with GOP and SSGC for adherence to gas allocation policy and for the signing of long-term Gas Supply Agreement (GSA). • Fuel Supply Agreement (FSA) with PSO and BYCO. • Investing in alternative fuels i.e. LNG, coal and renewable energy.
Unstable plant operations	• Asset integrity strategy in place. • Plant operations are made sustainable through measures in place for overhauling of turbines and generators, upgradation of control system, periodical inspection of GTs and replacement of rotors if needed. • Periodic maintenance and inspections.
Liquidity risk – circular debt situation	• Regular meetings and follow-ups with the concerned ministries of GOP to resolve the issue, as the circular debt situation is hampering the timely realisation of claims. • Effectively managing the liquidity gaps through short-term borrowings. • KE issued SUKUK certificates, this replaced the expensive long term loan, creating enough liquidity and causing significant reduction in financing costs due to better debt pricing.
Credit risk is the risk of financial loss to the Company, if a customer fails to meet its credit obligations and arises mainly from the company's receivable from consumers	• To meet exposure to credit risk KE has implemented disconnection policy and regular reviews of receivable balances, and offered instalments and rebates for paying old arrear balances.
Regulatory risk	• KE engages in regular interactions/discussions with NEPRA to implement regulatory framework in a manner that supports business viability, continued investments across the value chain and improved consumer service. • Provisioning of timely information/data to NEPRA for greater transparency and to avoid possible conflicts. • Legal opinions are sought to support KE's stance on interpretation issues with NEPRA, wherever required.

Major business risk	Mitigating factors / actions in place
Safety and climate risk	• KE safety standards are compliant with the highest world class safety standards. The safety management system is compliant with the principles of ISO 9000, ISO 14000, and OHSAS 18000. • Comprehensive business insurance is in place to cover monetary risk. • Climate change policy is in place. • Established disaster recovery / business continuity plans have been implemented at all locations and the staff is fully equipped to quickly recover from a natural disaster.
Law and order situation	• Increased security for employees at operational centers. • Operations suspended whenever the situations get worse in a particular area. • Work on off days in case of strikes and other unexpected situations.
Foreign currency exchange rate and interest rate risk	• Managed actively by hedging open positions wherever necessary.
Non–compliance of statutory requirements, company values and standard of governance	• Rigorous checks on latest updates in regulatory framework are carried out to prevent any breach of law. • Resourcing policies designed and implemented are aligned with business strategy and our vision and value statement. • An organisation–wide vision and value training programme executed for all employees at all levels. • Code of conduct is mandatory to be signed by all employees.
Loss of trained and high potential employees	• Detailed succession planning has been emphasised at all levels throughout the organisation, together with culture of employee training and development • Effective management trainee programme is also in place.
IT security risk	• IT controls are in place to prevent unauthorised access to confidential information. • Regular IT audits and trainings are conducted to monitor and minimise the risk of breaches, errors or other irregularities.
Internal control risk	• A robust internal control system is in place and is continuously monitored by the Company's effective Internal Audit Function and through other monitoring procedures. The process of monitoring internal controls is an ongoing process with the objective to further strengthen the controls and bring improvements in the system. • The controls in place also cover areas ranging from safeguarding of assets, compliance with laws and regulations and accuracy and reliability of records and financial reporting


KE
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SIX YEAR PERFORMANCE

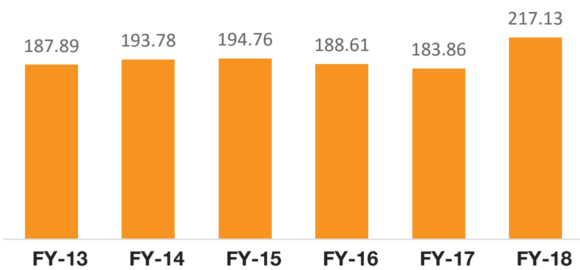
DESCRIPTION	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
OPERATIONAL PERFORMANCE			**(UNITS IN M-KWH)**			
Units Generated - Gross	8,567	8,709	9,318	10,323	10,147	10,338
Units Generated - Net	7,903	8,050	8,614	9,563	9,374	9,557
Units Purchased	7,257	7,282	7,497	6,981	7,206	7,862
Units Sent out	15,160	15,332	16,111	16,545	16,580	17,419
Units Sold	10,942	11,453	12,294	12,865	12,981	13,860
T&D Loss (in percentage)	27.8%	25.3%	23.7%	22.2%	21.7%	20.4%
SUMMARY OF PROFIT & LOSS ACCOUNT			**(RUPEES IN MILLIONS)**			
	Restated	Restated	Restated	Restated		
Revenue	187,889	193,783	194,755	188,607	183,855	217,127
Purchase of Electricty & Consumption of Fuel and Oil	146,179	147,307	131,437	111,576	123,132	149,325
O&M Expenses	29,301	31,230	37,396	50,592	56,264	57,194
Gross Profit	27,710	31,493	47,660	57,155	39,521	44,916
Financial Charges	13,960	11,275	9,760	5,100	3,609	3,236
Other Charges/ (Income)	(4,702)	(4,932)	(3,003)	(3,611)	(7,862)	(6,348)
Profit before Finance Cost	17,110	20,178	28,925	30,051	12,321	16,956
Profit before Taxation	3,150	8,903	19,165	24,951	8,712	13,719
Profit after Taxation	5,974	12,215	32,413	31,807	10,419	12,312
EBITDA	26,051	29,486	38,426	43,035	25,818	32,422
SUMMARY OF BALANCE SHEET			**(RUPEES IN MILLIONS)**			
	Restated	Restated	Restated	Restated		
Non-current Assets	165,332	173,144	214,039	223,576	237,981	277,733
Current Assets	124,358	144,803	166,762	154,222	157,962	195,965
Total Assets	289,690	317,947	380,801	377,798	395,943	473,698
Share Capital & Reserves	61,642	78,222	139,559	171,288	184,316	207,293
Non-current Liabilities	64,505	60,114	66,164	60,532	53,822	60,451
Current Liabilities	163,543	179,610	175,078	145,978	157,805	205,954
Total Equity & Liabilities	289,690	317,947	380,801	377,798	395,943	473,698
SUMMARY OF CASHFLOW STATEMENT			**(RUPEES IN MILLIONS)**			
	Restated	Restated	Restated	Restated		
Net Cash Generated from Operating Activities	1,434	14,334	18,585	41,097	27,836	19,335
Net Cash used in Investing Activities	(3,155)	(8,588)	(14,847)	(28,654)	(19,593)	(43,726)
Net Cash Generated from / (used) in Financing Activities	(3,034)	(1,996)	(7,023)	(10,795)	(11,849)	6,040
Net (decrease) / increase in Cash and Cash Equivalents	(4,755)	3,750	(3,285)	1,648	(3,606)	(18,350)
Cash and Cash Equivalents at beginning of the year	(2,173)	(6,928)	(3,178)	(6,463)	(4,815)	(8,421)
Cash and Cash Equivalents at end of the year	(6,928)	(3,178)	(6,463)	(4,815)	(8,421)	(26,772)

KEY FINANCIAL INDICATORS

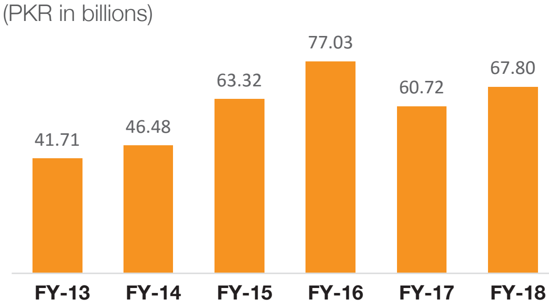
DESCRIPTION	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
PROFITABILITY RATIOS			**(IN PERCENTAGE %)**			
	Restated	Restated	Restated	Restated		
Gross Profit Margin	14.7%	16.3%	24.5%	30.3%	21.5%	20.7%
Net Profit Margin	3.2%	6.3%	16.6%	16.9%	5.7%	5.7%
EBITDA Margin	13.9%	15.2%	19.7%	22.8%	14.0%	14.9%
PBT Margin	1.7%	4.6%	9.8%	13.2%	4.7%	6.3%
Return on Equity including Surplus	9.7%	15.6%	23.2%	18.6%	5.7%	5.9%
Return on Equity excluding Surplus	16.4%	24.0%	37.9%	26.2%	7.6%	8.0%
Pre-Tax Return on Adjusted Invested Equity (average)	2.9%	7.3%	13.7%	15.1%	4.6%	6.7%
Return on Total Assets	2.1%	3.8%	8.5%	8.4%	2.6%	2.6%
Return on Property, Plant and Equipment	3.6%	7.2%	15.2%	14.2%	4.4%	4.4%
LIQUIDITY RATIOS			**(IN TIMES)**			
Current Ratio	0.76	0.81	0.95	1.06	1.00	0.95
Cash Flow from Operations to Revenue	0.01	0.07	0.10	0.22	0.15	0.09
INVESTMENT / MARKET RATIOS			**(IN RUPEES)**			
Earnings per Share - Basic / Diluted	0.22	0.44	1.17	1.15	0.38	0.45
Price Earning Ratio (In Times)	28.75	19.19	7.17	7.00	18.29	12.74
Market Value Per Share - year end	6.22	8.49	8.42	8.06	6.90	5.68
- High during the year	7.94	9.25	10.55	8.67	10.92	7.51
- Low during the year	3.20	4.90	6.01	6.52	6.50	5.11
Price to Book Ratio (In Times)	0.59	0.74	0.61	0.59	0.48	0.33
Breakup Value per Ordinary Share (including Surplus on Revaluation of Property, Plant & Equipment)	2.23	2.83	5.05	6.20	6.67	7.51
Breakup Value per Ordinary Share (excluding Surplus on Revaluation of Property, Plant & Equipment)	1.32	1.84	3.09	4.39	4.95	5.55
CAPITAL STRUCTURE RATIOS			**(IN TIMES)**			
Long-term Debt to Equity Ratio (including Revaluation Surplus)	0.39	0.26	0.18	0.16	0.14	0.13
Long-term Debt to Equity Ratio (excluding Revaluation Surplus)	0.52	0.36	0.27	0.21	0.17	0.17
Interest Cover Ratio	1.23	1.79	2.96	5.89	3.41	5.24
Average Cost of Debt	0.12	0.13	0.13	0.08	0.07	0.06
Financial Leverage Ratio (local and foreign lenders)	1.26	0.93	0.49	0.32	0.27	0.35

GRAPHICAL ANALYSIS

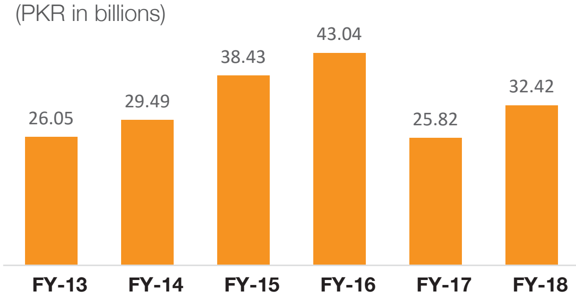
Revenue
(PKR in billions)



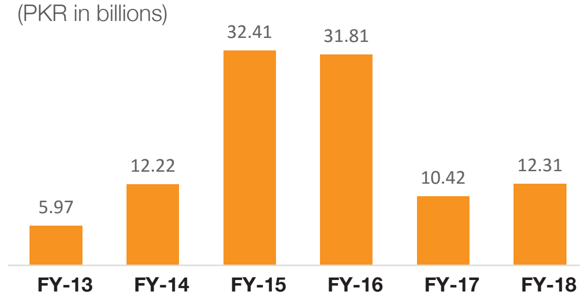
Contribution Margin
(PKR in billions)



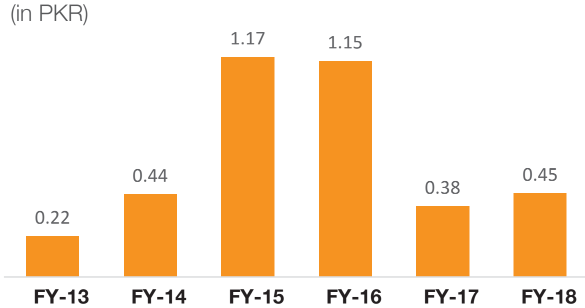
EBITDA
(PKR in billions)



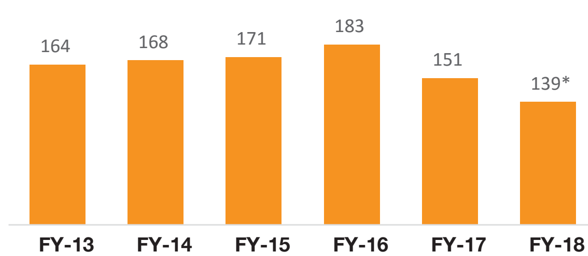
Net Profit
(PKR in billions)



Earnings per Share (EPS)
(in PKR)



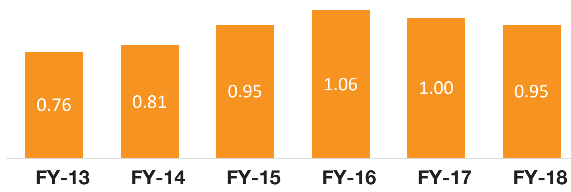
GAS
(MMCFD)



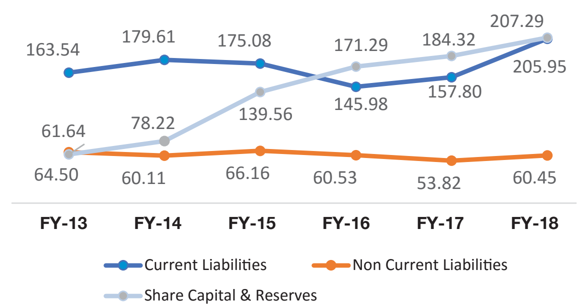
* Includes 60 MMCFD RLNG from April 2018

GRAPHICAL ANALYSIS

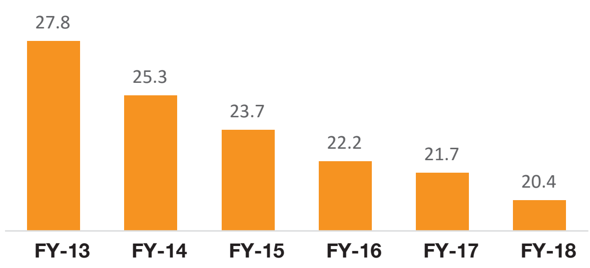
Current Ratio
(in times)



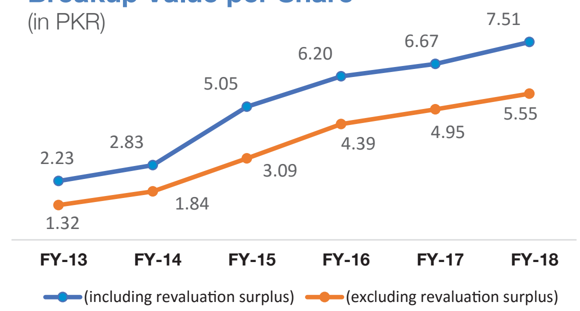
Equities & Liabilities
(PKR in billions)



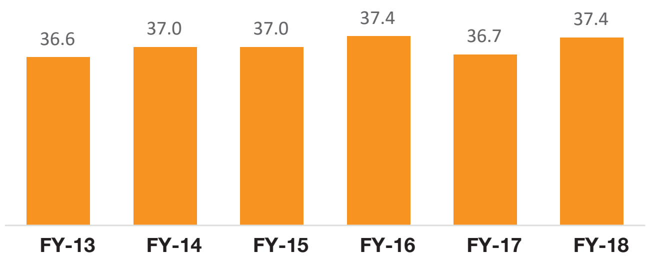
T&D Losses
(in %)



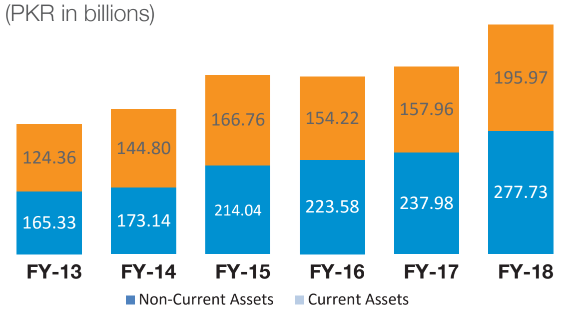
Breakup Value per Share
(in PKR)



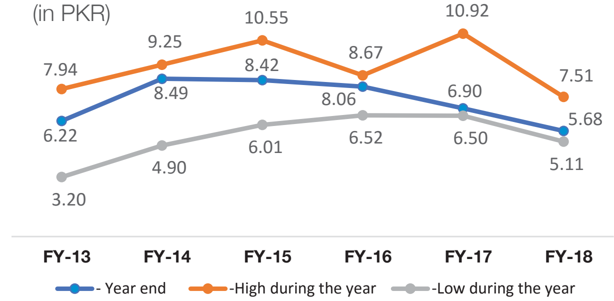
Generation Fleet Efficiency
(in %)



Total Assets
(PKR in billions)



Market Value per Share
(in PKR)



VERTICAL ANALYSIS

BALANCE SHEET	2012-13 Restated	2013-14 Restated	2014-15 Restated	2015-16 Restated	2016-17	2017-18
Non-curent Assets	57.1%	54.5%	56.2%	59.2%	60.1%	58.6%
Current Assets	42.9%	45.5%	43.8%	40.8%	39.9%	41.4%
Total Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Share Capital & Reserves	21.3%	24.6%	36.6%	45.3%	46.6%	43.8%
Non-current Liabilities	22.3%	18.9%	17.4%	16.0%	13.6%	12.8%
Current Liabilities	56.5%	56.5%	46.0%	38.6%	39.9%	43.5%
Total Equity and Liabilities	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

PROFIT & LOSS ACCOUNT	2012-13 Restated	2013-14 Restated	2014-15 Restated	2015-16 Restated	2016-17	2017-18
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Expenditure						
Purchase of Electricity	(41.7%)	(42.8%)	(36.7%)	(28.8%)	(33.5%)	(35.7%)
Consumption of Fuel and Oil	(36.1%)	(33.2%)	(30.8%)	(30.4%)	(33.4%)	(33.1%)
	(77.8%)	(76.0%)	(67.5%)	(59.2%)	(67.0%)	(68.8%)
Expenses incurred in Generation, Transmission and Distribution	(7.5%)	(7.7%)	(8.0%)	(10.5%)	(11.5%)	(10.5%)
Gross Profit	14.7%	16.3%	24.5%	30.3%	21.5%	20.7%
Consumers Services and Administrative Expenses	(8.1%)	(8.4%)	(11.2%)	(16.3%)	(19.1%)	(15.8%)
Other Operating Expenses	(0.3%)	(0.7%)	(1.7%)	(1.6%)	(0.8%)	(1.0%)
Other Operating Income	2.8%	3.3%	3.3%	3.5%	5.1%	3.9%
	(5.6%)	(5.8%)	(9.6%)	(14.4%)	(14.8%)	(12.9%)
Profit Before Finance Cost	9.1%	10.4%	14.9%	15.9%	6.7%	7.8%
Finance cost	(7.4%)	(5.8%)	(5.%)	(2.7%)	(2.%)	(1.5%)
Profit before Taxation	1.7%	4.6%	9.8%	13.2%	4.7%	6.3%
Taxation	1.5%	1.7%	6.8%	3.6%	0.9%	(0.6%)
Profit after Taxation	3.2%	6.3%	16.6%	16.9%	5.7%	5.7%

HORIZONTAL ANALYSIS

BALANCE SHEET	2012-13 Restated	2013-14 Restated	2014-15 Restated	2015-16 Restated	2016-17	2017-18
Non-curent Assets	100%	104.7%	129.5%	135.2%	143.9%	168.0%
Current Assets	100%	116.4%	134.1%	124.0%	127.0%	157.6%
Total Assets	100%	109.8%	131.5%	130.4%	136.7%	163.5%
Share Capital & Reserves	100%	126.9%	226.4%	277.9%	299.0%	336.3%
Non-current Liabilities	100%	93.2%	102.6%	93.8%	83.4%	93.7%
Current Liabilities	100%	109.8%	107.1%	89.3%	96.5%	125.9%
Total Equity and Liabilities	100%	109.8%	131.5%	130.4%	136.7%	163.5%

PROFIT & LOSS ACCOUNT	2012-13 Restated	2013-14 Restated	2014-15 Restated	2015-16 Restated	2016-17	2017-18
Revenue	100%	103.1%	103.7%	100.4%	97.9%	115.6%
Expenditure						
Purchase of Electricity	100%	105.9%	91.2%	69.3%	78.7%	98.8%
Consumption of Fuel and Oil	100%	94.9%	88.4%	84.5%	90.6%	106.0%
	100%	100.8%	89.9%	76.3%	84.2%	102.2%
Expenses incurred in Generation, Transmission and Distribution	100%	107.0%	111.8%	142.0%	151.4%	163.5%
Gross Profit	100%	113.7%	172.0%	206.3%	142.6%	162.1%
Consumers Services and Administrative Expenses	100%	106.2%	142.1%	200.7%	229.1%	224.2%
Other Operating Expenses	100%	239.0%	549.2%	502.9%	253.5%	350.1%
Other Operating Income	100%	120.2%	119.3%	125.5%	177.1%	159.6%
	100%	106.7%	176.7%	255.7%	256.6%	263.8%
Profit before Finance Cost	100%	117.9%	169.1%	175.6%	72.0%	99.1%
Finance cost	100%	80.8%	69.9%	36.5%	25.9%	23.2%
Profit before Taxation	100%	282.7%	608.5%	792.2%	276.6%	435.6%
Taxation	100%	117.3%	469.1%	242.7%	60.5%	(49.8%)
Profit after Taxation	100%	204.5%	542.6%	532.4%	174.4%	206.1%

COMMENTARY ON PERFORMANCE

Horizontal & Vertical Analysis

- Continuous improvement on operational side, backed by capital expenditure of PKR 44 billion on system improvement, the Company's profit for the year has increased by 18.2% to 12.3 billion as compared to 10.4 billion in corresponding period, corroborated by the improvement in profitability ratios

- Finance cost has been reduced by 77% over the last six years as a result of repayment of expensive long-term loans during the previous years, decrease in interest rates and renegotiation of loans at better financing terms.

- Consistent profitability since 2012 to the tune of PKR 105,141 million, and increase of PKR 28,851 million on account of revaluation surplus over the past 06 years has resulted in increase in Share Capital and Reserves of the Company to almost 336%. All of these profits earned so far have been reinvested into the Company.

- Non-current assets have been increased by 68% in the last six years mainly due to investments made by the Company across the value chain. There is also an impact of revaluation surplus amounting to PKR 28,851 million on certain class of assets, kept on fair value model, in accordance with applicable IAS.

- Trade debts have shown an increasing trend (66% over last six years) mainly due to significant increase in receivables from Public Sector Consumers including PKR 31,155 million from KWSB and PKR 13,161 million from CDGK, significantly effecting Company's liquidity. The Company is in continuous engagement with these entities as well as relevant government departments for earliest release of these outstanding receivables to support Company's cashflow position.

- Current liabilities of the Company increased by 25.9% over the last six years driven majorly by increase in Trade and Other Payables due to the prevailing circular debt situation. This mainly includes payable to NTDC / CPPA – G, which is to be set-off with the Company's Tariff Differential Claims receivable from the Government of Pakistan.

Cashflow Statement

- Growing over the years to 2016, cashflows from operating activities, showed drop since FY-17 due to lower profits as a result of reduction in Company's tariff level alongwith significant change in tariff structure. The situation has been further aggravated by the accumulation of trade debts (as explained above) and receivable on account of tariff differential subsidy from GOP.

- Cashflows from investing activities showed increase in Capital Expenditure incurred as compared to last year which reiterates the Company's commitment for operational improvements through continuous investments across the value chain.

INDEPENDENT AUDITORS' REPORT

To the members of K-Electric Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of K-Electric Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the note 31.1.1 to the annexed 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 reciprocally receive mark-up on outstanding receivable balances on account of tariff differential claims and energy dues of the Company's public sector consumers. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	**First time application of Fourth Schedule to the Companies Act, 2017** (Refer notes 3.5 (a) to the annexed financial statements) The Fourth Schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of the annexed financial statements. As part of the transition, the management performed an analysis to identify differences between the previous and the current Fourth Schedules and as a result, certain amendments relating to presentation and disclosures were made in the annexed financial statements. These amendments also include recognition of surplus on revaluation of property, plant and equipment in 'other comprehensive income'. This change in the presentation relating to surplus on revaluation of property, plant and equipment has been accounted for as a change in accounting policy that also required retrospective restatement of the annexed financial statements and inclusion of an additional statement of financial position at the beginning of the earliest period presented in accordance with the requirements of International Accounting Standard (IAS) 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". In view of the amendments and various new disclosures prepared and presented in the annexed financial statements, we considered this as a key audit matter.	Our audit procedures amongst others included the following: • Obtained understanding of the requirements of the Fourth Schedule to the Companies Act, 2017. • Considered the management's process to identify the necessary amendments and additional disclosures required in the annexed financial statements. • Evaluated the underlying supports for the amendments and additional disclosures made in the annexed financial statements. • Assessed the accounting implications, presentation and disclosure requirements of the financial reporting framework relating to change in accounting policy for surplus on revaluation of property, plant and equipment. • Assessed the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed financial statements in accordance with the requirements of the Fourth Schedule to the Companies Act, 2017.
(ii)	**Contingencies** (Refer notes 31.1.2 to 31.1.7, 31.2 and 41.1 to the annexed financial statements) As at June 30, 2018, the Company has contingencies in respect of regulatory and tax matters, which are pending adjudication before various appellate forums and courts of law.	Our audit procedures amongst other included the following: • Updated our understanding of these regulatory and tax matters through meetings with the management, including the Company's in-house legal and tax experts.

	Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to significance of the amounts involved, inherent uncertainties with respect to the outcome of the on-going litigations and use of significant management judgements and estimates to assess the related financial impacts, we considered contingent liabilities as a key audit matter.	• Read correspondence of the Company with relevant authorities and the Company's external legal and tax advisors including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved. • Circularised confirmations to the Company's external legal advisors for their views on the pending cases. • Involved internal tax professionals to assess management's conclusions on contingent tax matters. • Whilst noting the inherent uncertainties involved in the regulatory and tax matters, assessed the adequacy of the related disclosures made in the annexed financial statements.
(iii)	**Tariff adjustment on account of write-off of bad debts** (Refer note 33.2 to the annexed financial statements)	
	Revenue recognised during the year in respect of tariff adjustment on account of write-off of bad debts amounted to Rs. 3,371 million comprising of receivables from 64,779 customers. As required under the Multi-Year Tariff for the period from July 1, 2016 to June 30, 2023 (MYT 2017-23), for the purpose of claim of tariff adjustment in respect of write-off of bad debts, the Company is required to ensure that certain procedures are completed in order to claim such write-off. Tariff adjustment being part of revenue is assessed as an area involving presumed risk of material misstatement, hence, significant risk for the audit. Further, such tariff adjustment on account of write-off of bad debts requires certain significant judgements and interpretation of MYT 2017-23 by the management. Accordingly, we considered tariff adjustment on account of write-off of bad debts as a key audit matter.	Our audit procedures amongst other included the following: • Updated our understanding of the requirements of MYT 2017-23 relating to the claim of write-off of bad debts as tariff adjustment. • Evaluated the key basis / assumptions that have been used and procedures that have been performed by the Company's management for determining the eligibility of the claim for write-off. • Evaluated whether the compliance was made by the Company to the specific requirements stipulated in MYT 2017-23 relating to claim of write-off of bad debts. • Verified as part of requirement of MYT 2017-23 that the amount is not recoverable notwithstanding the efforts of the Company. • Assessed the adequacy of the related disclosures made in the annexed financial statements.

(iv) Valuation of trade debts

Key audit matter	How the matter was addressed in our audit
(Refer note 10 to the annexed financial statements) As at June 30, 2018, the Company's trade debts aggregate to Rs. 181,291.894 million. As part of financial reporting, the Company based on the nature / class of related customer, the ageing of such trade debts and historical receipts pattern makes its assessments regarding the estimation of future cash collection against such trade debts which involves significant judgements. As a result of such an exercise provision amounting to Rs. 65,920.632 million for impairment, against debts considered doubtful, is being carried as at June 30, 2018, in the annexed financial statements, which includes a charge of Rs. 16,300.201 million recorded during the year. Because of the use of significant judgements and estimates in the overall process and the materiality of amounts involved, we have considered the impairment provision against debts considered doubtful as a key audit matter.	Our audit procedures amongst other included the following: • Obtained understanding of the Company's overall process of assessing impairment against debts considered doubtful and the related key factors considered. • Tested the system based controls through which the trade debts ageing analysis and related details are prepared. • Assessed the management's rationale for impairment calculation in view of the key factors such as the nature of counter parties, the ageing of such trade debts and historical receipts pattern. • Checked mathematical accuracy of the impairment calculated as at June 30, 2018. • Assessed the adequacy of the disclosures in accordance with the requirements of the financial reporting framework, applicable on the Company.

Information Other than the Financial Statements and Auditors' Report thereon

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partners on the audit resulting in this independent auditors' report are Waqas Aftab Sheikh (A. F. Ferguson & Co.) and Raheel Shahnawaz (BDO Ebrahim & Co.).

A. F. Ferguson & Co.
Chartered Accountants

BDO Ebrahim & Co.
Chartered Accountants

Place: Karachi
Date: October 03, 2019

STATEMENT OF FINANCIAL POSITION

As at June 30, 2018

	Note	June 30, 2018	(Restated) June 30, 2017	(Restated) Opening balance as at July 1, 2016
			(Rupees in '000)	
ASSETS				
Non-current assets				
Property, plant and equipment	5	277,403,146	237,730,775	223,478,001
Intangible assets	6	291,757	215,406	63,860
Long-term loans	7	22,001	21,777	25,908
Long-term deposits	8	15,806	13,497	8,297
		277,732,710	237,981,455	223,576,066
Current assets				
Stores, spares and loose tools	9	11,484,428	9,439,133	7,946,560
Trade debts	10	115,371,262	103,419,754	101,044,031
Loans and advances	11	889,124	774,217	771,863
Deposits and short-term prepayments	12	2,510,186	3,158,284	1,936,357
Other receivables	13	56,985,781	33,131,412	33,296,413
Taxation - net		3,873,793	2,962,142	890,524
Derivative financial assets	14	669,985	-	-
Short-term investments		-	-	3,000,000
Cash and bank balances	15	1,132,674	2,077,916	2,178,070
		192,917,233	154,962,858	151,063,818
Assets classified as held for sale	16	3,047,856	2,999,116	3,157,822
		195,965,089	157,961,974	154,221,640
TOTAL ASSETS		473,697,799	395,943,429	377,797,706
EQUITY AND LIABILITIES				
Share capital and reserves				
Issued, subscribed and paid-up capital	17	96,261,551	96,261,551	96,261,551
Reserves				
Share premium and other reserves	18	2,009,172	2,009,172	2,009,172
Surplus on revaluation of property, plant and equipment	19	54,087,395	47,605,194	49,966,810
Total capital reserves		56,096,567	49,614,366	51,975,982
Revenue reserves		5,372,356	5,372,356	5,350,193
		61,468,923	54,986,722	57,326,175
Unappropriated profit		49,562,564	33,068,043	17,700,303
		207,293,038	184,316,316	171,288,029
LIABILITIES				
Non-current liabilities				
Long-term diminishing musharaka	20	13,005,681	17,305,568	21,526,916
Long-term financing	21	11,896,987	2,841,364	7,588,587
Long-term deposits	22	9,718,749	8,600,108	7,629,009
Employee retirement benefits	23	4,441,177	4,881,949	5,119,160
Deferred revenue	24	21,387,917	20,193,359	18,065,386
Deferred taxation	25	-	-	602,998
		60,450,511	53,822,348	60,532,056
Current liabilities				
Current maturity of long-term diminishing musharaka	20	4,400,000	4,400,000	-
Current maturity of long-term financing	21	2,184,620	4,433,753	2,926,610
Trade and other payables	26	140,458,457	117,066,651	106,274,671
Unclaimed dividend		645	650	650
Accrued mark-up	27	6,369,631	5,809,192	5,469,650
Short-term borrowings	28	41,317,360	20,423,506	23,851,923
Short-term deposits	29	11,177,087	5,624,563	7,444,139
Provision	30	46,450	46,450	9,978
		205,954,250	157,804,765	145,977,621
TOTAL LIABILITIES		266,404,761	211,627,113	206,509,677
TOTAL EQUITY AND LIABILITIES		473,697,799	395,943,429	377,797,706
Contingencies and Commitments	31			

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

Syed Moonis Abdullah Alvi
Chief Executive Officer

Khalid Rafi
Director

Muhammad Aamir Ghaziani
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2018

	Note	2018	2017
		(Rupees in '000)	
REVENUE			
Sale of energy - net	32	184,155,557	168,569,213
Tariff adjustment	33	32,970,950	15,285,893
		217,126,507	183,855,106
COST OF SALES			
Purchase of electricity	34	(77,454,783)	(61,665,237)
Consumption of fuel and oil	35	(71,870,026)	(61,466,583)
Expenses incurred in generation, transmission and distribution	36	(22,885,835)	(21,201,913)
		(172,210,644)	(144,333,733)
GROSS PROFIT		44,915,863	39,521,373
Consumers services and administrative expenses	37	(34,308,115)	(35,062,397)
Other operating expenses	38	(2,122,422)	(1,537,050)
Other income	39	8,470,214	9,398,778
		(27,960,323)	(27,200,669)
PROFIT BEFORE FINANCE COST		16,955,540	12,320,704
Finance cost	40	(3,236,292)	(3,608,978)
PROFIT BEFORE TAXATION		13,719,248	8,711,726
Taxation	41	(1,407,418)	1,707,557
NET PROFIT FOR THE YEAR		12,311,830	10,419,283
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION (EBITDA)	42	32,422,041	25,817,957
		(Rupees)	
EARNINGS PER SHARE - BASIC AND DILUTED		0.45	0.38

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

Syed Moonis Abdullah Alvi
Chief Executive Officer

Khalid Rafi
Director

Muhammad Aamir Ghaziani
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2018

	2018	(Restated) 2017
	(Rupees in '000)	
Net profit for the year	12,311,830	10,419,283
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Changes in fair value of cash flow hedges	704,443	(10,028)
Adjustment for amounts transferred to profit or loss	(704,443)	32,191
	-	22,163
Items that will not be reclassified to profit or loss		
Remeasurement of post employee benefit obligations	(297,330)	(318,033)
Less: Taxation thereon	86,226	95,410
	(211,104)	(222,623)
Revaluation surplus arising during the year	11,031,946	4,013,520
Less: Taxation thereon	(3,309,584)	(1,204,056)
	7,722,362	2,809,464
Add: Effect of change of tax rate	3,153,634	-
	10,875,996	2,809,464
	10,664,892	2,609,004
Total comprehensive income for the year	22,976,722	13,028,287

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

Syed Moonis Abdullah Alvi
Chief Executive Officer

Khalid Rafi
Director

Muhammad Aamir Ghaziani
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2018

	Issued, subscribed and paid-up capital			Reserves								
				Capital				Revenue				
	Ordinary shares	Transaction costs	Total Share Capital	Share premium	Others	Surplus on revaluation of Property, plant and equipment	Total	General reserves	Others	Total	Un-appropriated profit	Total
	(Rupees in '000)											
Balance as at July 1, 2016												
- as previously reported	96,653,179	(391,628)	96,261,551	1,500,000	509,172	-	2,009,172	5,372,356	(22,163)	5,350,193	17,700,303	121,321,219
Impact of change in accounting policy (Note 54)	-	-	-	-	-	49,966,810	49,966,810	-	-	-	-	49,966,810
Balance as at July 1, 2016 - as restated	96,653,179	(391,628)	96,261,551	1,500,000	509,172	49,966,810	51,975,982	5,372,356	(22,163)	5,350,193	17,700,303	171,288,029
Total comprehensive income for the year ended June 30, 2017												
Profit for the year	-	-	-	-	-	-	-	-	-	-	10,419,283	10,419,283
Other comprehensive income - restated	-	-	-	-	-	2,809,464	2,809,464	-	22,163	22,163	(222,623)	2,609,004
	-	-	-	-	-	2,809,464	2,809,464	-	22,163	22,163	10,196,660	13,028,287
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	(5,171,080)	(5,171,080)	-	-	-	5,171,080	-
Balance as at June 30, 2017	96,653,179	(391,628)	96,261,551	1,500,000	509,172	47,605,194	49,614,366	5,372,356	-	5,372,356	33,068,043	184,316,316
Total comprehensive income for the year ended June 30, 2018												
Profit for the year	-	-	-	-	-	-	-	-	-	-	12,311,830	12,311,830
Other comprehensive income	-	-	-	-	-	10,875,996	10,875,996	-	-	-	(211,104)	10,664,892
	-	-	-	-	-	10,875,996	10,875,996	-	-	-	12,100,726	22,976,722
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	(4,393,795)	(4,393,795)	-	-	-	4,393,795	-
Balance as at June 30, 2018	96,653,179	(391,628)	96,261,551	1,500,000	509,172	54,087,395	56,096,567	5,372,356	-	5,372,356	49,562,564	207,293,038

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

Syed Moonis Abdullah Alvi
Chief Executive Officer

Khalid Rafi
Director

Muhammad Aamir Ghaziani
Chief Financial Officer

STATEMENT OF CASH FLOWS

For the year ended June 30, 2018

	Note	2018	2017
		(Rupees in '000)	
Cash Flows From Operating Activities			
Profit before taxation		13,719,248	8,711,726
Adjustments for non-cash charges and other items:			
Depreciation and amortization		15,466,501	13,497,253
Provision for employee retirement benefits		851,734	756,951
Provision for slow moving and obsolete stores, spare parts and loose tools, net		36,291	(263,907)
Provision for debts considered doubtful		16,300,201	18,140,501
Provision for fatal accident cases		-	36,472
Provision for impairment / write off of property, plant and equipment		28,631	357,419
Amortization of transaction cost and exchange loss on long term financing		1,073,533	-
Gain on sale of property, plant and equipment		(535,017)	(1,323,956)
Gain on sale of assets classified as held for sale		-	(169,652)
Gain on derivative financial assets		(669,985)	-
Finance cost		3,236,292	3,608,978
Amortization of deferred revenue		(1,686,016)	(1,531,800)
Return on bank deposits		(132,057)	(229,344)
Operating profit before working capital changes		47,689,356	41,590,641
Working capital changes:			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(2,081,586)	(1,228,666)
Trade debts		(28,251,709)	(20,516,224)
Loans and advances		(114,907)	(2,354)
Trade deposits and short-term prepayments		648,098	(1,221,927)
Other receivables		(23,854,369)	165,001
		(53,654,473)	(22,804,170)
Increase / (decrease) in current liabilities			
Trade and other payables		23,391,800	13,459,643
Short-term deposits		5,552,524	(1,819,576)
		28,944,324	11,640,067
Cash generated from operations		22,979,207	30,426,538
Employee retirement benefits paid		(1,589,834)	(1,312,179)
Income tax paid		(2,388,793)	(2,075,705)
Receipts in deferred revenue		2,880,574	3,659,773
Finance cost paid		(2,675,853)	(3,090,784)
Interest received on bank deposits		132,057	229,344
Long-term loans, net		(224)	4,131
Long-term deposits, net		(2,309)	(5,200)
		(3,644,382)	(2,590,620)
Net cash generated from operating activities		19,334,825	27,835,918
Cash Flows From Investing Activities			
Capital expenditure incurred		(44,614,122)	(23,767,386)
Acquisition of assets classified as held for sale		(48,740)	
Proceeds from disposal of property, plant and equipment		937,230	845,854
Proceeds from disposal of assets classified as held for sale		-	328,358
Short-term investments made		-	3,000,000
Net cash utilised in investing activities		(43,725,632)	(19,593,174)
Cash Flows From Financing Activities			
Repayment of long-term diminishing musharaka	47.4	(4,400,000)	-
Long-term financing - net	47.4	5,833,070	(3,240,080)
Short-term borrowings - net	47.4	3,488,128	(9,579,838)
Security deposit from consumers	47.4	1,118,641	971,099
Net cash generated from / utilised in financing activities		6,039,839	(11,848,819)
Net decrease in cash and cash equivalents		(18,350,968)	(3,606,075)
Cash and cash equivalents at beginning of the year		(8,421,025)	(4,814,950)
Cash and cash equivalents at end of the year	45	(26,771,993)	(8,421,025)

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

Syed Moonis Abdullah Alvi
Chief Executive Officer

Khalid Rafi
Director

Muhammad Aamir Ghaziani
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

1. THE COMPANY AND ITS OPERATIONS

1.1 K-Electric Limited "the Company" was incorporated as a limited liability company on September 13, 1913 under the repealed Indian Companies Act, 1882 (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at KE House, 39-B, Sunset Boulevard, Phase II, DHA, Karachi.

1.2 The Company is principally engaged in the generation, transmission and distribution of electric energy to industrial and other consumers under the Electricity Act, 1910 and the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 to its licensed areas. KES Power Limited (the Holding Company) holds 66.40 percent (2017: 66.40 percent) shares in the Company, situated at Cayman Island, C/o Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104. The Holding Company is operative, pursuant to applicable company laws of Cayman Island, auditor's opinion is not required on financial statements of the Holding Company. Mr. Mikail Malik is the authorized agent of KES Power Limited.

1.3 The business units of the Company include the following:

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

Integrated Business Centers (IBCs), Grid stations, inventory stores / warehouses and substations are located across the Company's licensed territory, which covers Karachi and adjoining areas of Sindh and Balochistan.

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

Following is the summary of significant transactions and events that have affected the Company’s financial position and operations during the year:

2.1 Multi Year Tariff (MYT) Decision

The Company, being a regulated entity, is governed through Multi Year Tariff (MYT) regime. Accordingly, National Electric Power Regulatory Authority (NEPRA) determines tariff for the Company for the tariff control period from time to time. The MYT which was determined in 2009 was for a seven-year period which expired on June 30, 2016. On March 31, 2016, the Company filed a tariff petition with NEPRA for continuation of the MYT for a further 10 year period starting from July 1, 2016 along with certain modifications in the tariff. NEPRA vide its determination dated March 20, 2017, determined the MYT for the period commencing from July 1, 2016 till June 30, 2023. Considering that some of the assumptions in the MYT determined by NEPRA were not reflective of ground realities and would be detrimental to the long term investment plan and operations, the Company, in order to protect long term interest of the business filed a review motion with NEPRA on April 20, 2017.

During the year ended June 30, 2018, NEPRA issued its decision dated October 9, 2017 on the Company’s review motion and largely maintained its earlier decision. The Ministry of Energy (Power Division), Government of Pakistan (the GOP) on request of Company filed a ‘Reconsideration request‘ with NEPRA dated October 26, 2017 under Section 31 (4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (Act, 1997) to consider afresh its earlier determination to ensure that consumer interest in terms of continuous and efficient service delivery is maintained. NEPRA, vide its decision dated July 5, 2018 (MYT decision) in the matter of 'Reconsideration request' filed by the GoP, determined the revised MYT. The Company after considering that the MYT decision does not consider actual equity invested into the Company, applies 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 Company an appropriate transition period, approached the Appellate Tribunal for the relief under Section 12G of the Act, 1997. The Appellate Tribunal is yet to be made functional by the GoP. The Company also approached the High Court of Sindh against the aforementioned MYT decision and filed a suit in which a stay order was granted on July 26, 2018. The Company, on April 3, 2019, withdrew the suit filed with SHC against MYT decision, as the Company decided to pursue its legitimate concerns / issues with Appellate Tribunal, however, reserves its right to again approach the High Court of Sindh if required. The Ministry of Energy (Power Division) has notified the MYT decision through SRO 576 (I) /2019 dated May 22, 2019.

The Company's revenue for the current year has been based on the aforementioned revised MYT decision.

2.2 Acquisition by Shanghai Electric Power (SEP) Company Limited

As notified on Pakistan Stock Exchange on October 28 2016, SEP has entered into a Sale and Purchase Agreement (SPA) with KES Power Limited (Holding Company) to acquire up to 66.4 percent of the shares in the Company. The completion of the transaction contemplated by SPA is subject to receipt of applicable regulatory approvals and satisfaction of other conditions precedent specified therein.

SEP notified its initial Public Announcement of Intention (PAI) for the above equity acquisition on October 3, 2016. Subsequently, in order to comply with the statutory requirements under Securities Act 2015 and Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations 2017, SEP notified fresh PAIs on June 29, 2017, March 29, 2018 and December 25, 2018, incorporating amended / additional requirements pursuant to the Securities Act and the aforementioned regulations.

2.3 Addition of a new Independent Power Producer

During the year, the Company entered into a power purchase agreement with a new Independent Power Producer "Sindh Nooriabad Power Company (Private) Limited (SNPC)" having total generation capacity of 101 MW. SNPC has commenced its commercial operations from January 2018 in two phases (SNPC-1 and SNPC-2) each having net capacity of 50.5 MW.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable on the Company in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017;

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

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

3.3 Functional and presentation currency

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

3.4 Use of estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, management has made the following accounting estimates and judgments which are significant to these financial statements:

3.4.1 Tariff adjustment determination

As per the mechanism laid out in the MYT decision (refer note 2.1), the Company seeks adjustments for fuel price, cost of power purchase, operation and maintenance cost, and unrecovered cost including non-recoverable dues written-off, as per NEPRA's determination on a monthly / quarterly / annual basis. The monthly /quarterly / annual determination of the tariff adjustment is approved by NEPRA on a time to time basis, resulting in provisional amounts being recognised by the Company based on its judgements, till the approval from NEPRA is received.

3.4.2 Property, plant and equipment

The Company reviews appropriateness of the useful lives and residual values used in the calculation of depreciation on an annual basis. The estimates of revalued amounts of leasehold land, plant and machinery and transmission grid equipment are based on valuation carried out by professional valuers. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. Any change in these estimates in the future might affect the carrying amount of respective items of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

3.4.3 Provision for impairment and write-off of trade debt and other receivables

The Company assesses the recoverability of its trade debts and other receivables if there is an objective evidence that the Company will not be able to collect all the amounts due according to the original terms. Judgement by the management is required in estimation of the amount and timing of future cash flows when determining the level of provision required and in determining the debts that are not recoverable and are to be written-off.

3.4.4 Stores, spare parts and loose tools

The Company reviews the carrying values of stores, spare parts and loose tools to assess any diminution against which provision for impairment is made. The determination of provision involves the use of estimates with regards to holding period of stores, spare parts and loose tools.

3.4.5 Provision for retirement and other service benefit obligation

The present value of these obligations depends on a number of factors and is based on actuarial valuations, which uses a number of assumptions. Any change in these assumptions will impact the carrying amounts of these obligations. The present values of these obligations and the underlying assumptions / estimations are disclosed in note 23.

3.4.6 Taxation

In making the estimate for income tax payable, the Company takes into account the applicable tax laws and interpretations thereof based on past judgements and experience. Deferred tax asset is recognised for all unused tax losses and available credits to the extent that it is probable that sufficient taxable temporary differences and taxable profits will be available against which such losses and credits can be utilised. Significant judgement is exercised to determine the amount of deferred tax asset to be recognised.

3.4.7 Fair values

Based on the inputs used in valuation techniques, fair values are categorised into different levels in fair value hierarchy as defined in IFRS 13 'Fair value measurements'. Information about valuation techniques and inputs used for determination of the fair values of property, plant and equipment and derivatives is included in notes 5.1.4 and 46, respectively.

3.4.8 Derivatives

The Company has entered into cross currency swap and interest rate swap arrangements. The measurement involves the use of estimates with regard to interest rates and foreign currency exchange rates which fluctuate with the market.

3.5 Initial application of standards, amendments or interpretation to existing standards

a) Amendments to approved accounting standards effective during the year ended June 30, 2018

The Fourth Schedule to the Companies Act, 2017 (the Act), became applicable to the Company for the first time for the preparation of these financial statements. The Act (including its Fourth Schedule) form an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

The first time application of the Fourth Schedule has resulted in change in an accounting policy (note 54). Further, additional disclosures have been incorporated in these financial statements which include particulars of immovable assets of the Company (refer note 5.3), management assessment of sufficiency of tax provision in the financial statements (refer note 41.4), change in threshold for identification of executives (refer note 44), additional disclosures in respect of related parties (refer note 49).

There were certain other amendments to accounting and reporting standards which became effective for the first time for the year ended June 30, 2018 but these are neither considered relevant nor have any significant effect on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

b) Standards and amendments to published standards that are not yet effective and have not been early adopted by the Company

The following standards and amendments to published standards are not effective for the year ended June 30, 2018 and have not been early adopted by the Company:

- IFRS 9 'Financial instruments' - (effective for periods / year ending on or after June 30, 2019). This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. Further the SECP through SRO 985/(1)/2019 dated February 14, 2019 notified that the requirements contained in IFRS 9 (Financial Instruments) with respect to application of Expected Credit Losses method, shall not be applicable on dues from Government of Pakistan till June 30, 2021, provided that the companies shall follow the requirements of IAS 39 (Financial Instruments: Recognition and Measurement) in this respect during the exemption period. At present the impacts of the adoption of this standard are being assessed by the Company's management.

- IFRS 15 'Revenue from contracts with customers' - (effective for annual accounting period beginning on July 1, 2018). This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. At present the impacts of the adoption of this standard are being assessed by the Company's management.

- IFRS 16 'Leases' - (effective for annual accounting period beginning on July 1, 2019). This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17 lessees are required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At present the impacts of the adoption of this standard are being assessed by the Company's management.

There are certain other amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and therefore, have not been detailed in these financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

4.1.1 Operating fixed assets

Initial recognition

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the Company and the cost of such item can be measured reliably. Recognition of the cost of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Major spare parts, stand by equipment and servicing equipment's are capitalised from the date of purchase of such spares.

Measurement

All items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for leasehold land, plant and machinery and transmission grid equipment which are measured at revalued amounts, which is the fair value at the date of revaluation less accumulated depreciation and accumulated impairment losses, if any, recognised subsequent to the date of revaluation. Capital spares held by the Company for replacement of major items of plant and machinery are stated at cost less accumulated depreciation and impairment losses, if any.

If significant components of an item of property, plant and equipment have different useful lives, these are accounted for as separate items (major components) of property, plant and equipment.

Expenditure incurred to replace a component of an item of property, plant and equipment is capitalised. The carrying amount of the replaced part is derecognised. Other subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably.

Normal repairs and maintenance are charged to the profit or loss during the period in which these are incurred.

Depreciation

Depreciation is charged to profit or loss, applying the straight line method where by cost of assets, less the residual values, is written off over the estimated useful lives at rates disclosed in note 5.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month preceding the disposal.

Useful lives are determined on expected usage of asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each reporting date.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year the asset is derecognised. When revalued assets are sold, the relevant remaining surplus is reclassified directly to unappropriated profit.

4.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment, if any, and consists of expenditure incurred and advances made in respect of property, plant and equipment in the course of the acquisition, erection, construction and installation, including salaries and wages and any other costs directly attributable to capital work-in-progress. The assets are transferred to relevant category of operating fixed assets when those are available for use. Spare parts, standby equipment and servicing equipment are recognised as property plant and equipment when these meet the conditions to be classified as such.

4.1.3 Assets subject to finance lease

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of leased assets or, if lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments, the discount factor is the effective interest rate.

The outstanding obligations under the lease less finance charges allocated to future periods are shown as liability. Financial charges are calculated at the interest rate implicit in the lease and are charged to the profit or loss. Depreciation is charged to the profit or loss applying the straight-line method on a basis similar to owned assets.

4.1.4 Surplus on revaluation of property, plant and equipment

With effect from July 1, 2017, revaluation surplus is recorded in other comprehensive income (OCI) and credited to the ‘surplus on revaluation of property, plant and equipment’ in equity. However, the increase is recorded in the profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognised in the profit or loss, whereas, decrease is recorded in the other comprehensive income to the extent of any credit balance entry in revaluation surplus in respect of the same asset. An amount equivalent to incremental depreciation for the year net of deferred taxation is directly reclassified from “Surplus on revaluation of property, plant and equipment” to unappropriated profit through the 'Statement of changes in equity' to record realisation of surplus to the extent of the incremental depreciation charge for the year. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit.

Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation, and depreciation charge for the year is taken to the profit and loss account.

Upto June 30, 2017, the Company’s accounting policy was in accordance with the provisions of the repealed Companies Ordinance 1984. Those provisions and resultant previous policy of the Company were not in alignment with the accounting treatment and presentation of revaluation of property, plant and equipment as prescribed in IAS 16 'Property, Plant and Equipment'. However, the Companies Act 2017 has not specified any accounting treatment for revaluation of property, plant and equipment, accordingly the Company has changed the accounting policy to bring it in conformity with the accounting treatment and presentation of revaluation of property, plant and equipment as specified in IAS 16 'Property, Plant and Equipment'. The detailed information and impact of this change in accounting policy is provided in note 54 to these financial statements.

4.2 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Costs that are directly associated with identifiable software and have probable economic benefits beyond one year are recognised as intangible assets. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite useful lives are amortised on a straight line basis over the useful economic life specified in note 6.2.1, and are assessed for impairment whenever there is an indication of impairment. Amortization on additions is charged from the month of acquisition and on disposals up to the month preceding the deletion.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

4.3 Investment in associates / joint venture

Investment in associates / joint venture are accounted for using the equity method. These are recognised initially at cost. Subsequent to initial recognition, the carrying value of investment in associate includes share of the profit or loss and other comprehensive income of the associate after the date of acquisition. Dividend, if any, reduces the carrying amount of the investment.

4.4 Financial instruments

4.4.1 Financial assets

Classification
The Company classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. The Company determines the classification of its financial assets at initial recognition.

a) At fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is held for trading or is designated as such on initial recognition.

b) Held to maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market.

d) Available for sale

Available for sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Recognition and measurement

The Company recognises financial asset when it becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss as incurred. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently measured at fair value. Held to maturity financial assets and loans and receivables are subsequently measured at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are recognised in the profit or loss.

Changes in fair value of available-for-sale financial assets are recognised in other comprehensive income. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments recognised in statement of comprehensive income are reclassified to profit or loss.

4.4.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of an instrument. Financial liabilities are derecognised when these are extinguished i.e. when the obligation is discharged or cancelled or expired.

4.4.3 Offsetting financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to offset the recognised amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.5 Assets held for sale

Assets are classified as held for sale if the carrying amount of the asset is to be recovered principally through a sale transaction rather than through continuing use, the sale is considered highly probable within one year from reporting date and the asset is available for immediate sale in the present condition. These are measured at the lower of carrying amount and fair value less costs to sell. Assets classified as held for sale are presented separately from the other assets in the statement of financial position.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised.

Assets are not depreciated or amortized while such are classified as held for sale.

4.6 Stores and spares

These are measured at moving average cost less impairment loss, if any, except items in transit, which are stated at cost. Provision is made for obsolete, damaged and slow moving items where necessary and is recognised in the profit or loss.

4.7 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method, if applicable, less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written-off when considered irrecoverable.

4.8 Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments to hedge its interest rate risk and foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are classified as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge are taken to the profit or loss.

The fair value of derivative financial instruments is determined by reference to market values for similar instruments or by using discounted cash flow method.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company intends to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item’s fair value or cash flows attributable to the hedge risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair values or cash flows and are assessed on an ongoing basis to determine that these actually have been highly effective throughout the financial reporting periods for which such were designated.

Derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non current portion only if a reliable allocation can be made.

Fair value hedges

Fair value hedge is a hedge of exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

The change in the fair value of a hedging derivative is recognised in profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in profit or loss. If the hedged item is derecognised, the unamortized fair value is recognised immediately in profit or loss.

Cash flow hedges

Cash flow hedge is a hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in OCI and accumulated in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss i.e. when the hedged financial income or expense is recognised or when the forecasted transaction occurs. Where the hedged item is the cost of a non financial asset or non financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non financial asset or liability. If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

4.9 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

4.10 Cash and cash equivalents

For the purposes of statement of cash flows, cash and cash equivalents comprise cash in hand, balances with banks and short term placements readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents also include short term running finances which form an integral part of the Company's cash management.

4.11 Share capital

Ordinary shares are classified as equity and are recognised at the face value. Incremental costs directly attributable to the issue of new shares or options, net of any tax effects, are recognised as a deduction from equity.

4.12 Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs, if any.

Loans and borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction cost) and the redemption value being recognised in the profit or loss over the period of the borrowing, using the effective interest method.

4.13 Deferred revenue

Deferred revenue represents amounts received from consumers as contribution towards the cost of supplying and laying service connections, extension of mains and street lights. Amortization of deferred revenue commences upon completion of related work and is charged to profit or loss at the rate of 5% per annum corresponding to the annual depreciation charge of respective asset (note 24).

4.14 Employee retirement and other service benefits

4.14.1 Defined benefit plans

Provisions are made to cover the obligations under defined benefit gratuity scheme, post retirement medical benefits and electricity rebate on the basis of annual actuarial valuations.

The amount recognised in the statement of financial position represents the present value of defined benefit obligations less fair value of any plan assets. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income with no subsequent recycling through the profit or loss.

The Company operates following retirement schemes for its employees.

(a) Defined benefit gratuity scheme

The Company operates a funded gratuity scheme managed by trustees. The funded gratuity scheme covers all regular employees of the Company. The scheme provides for an ascending scale of benefits dependent on the length of service of employees or terminal dates subject to completion of minimum qualifying period of service. Gratuity is based on employee's last drawn salary. Contributions are made to the fund in accordance with the actuarial recommendations.

(b) Post retirement medical benefits

The Company offers post retirement medical coverage to its eligible employees and their dependents. Under the unfunded scheme all such employees are entitled for such coverage for a period of 10 years and spouse and minor children of retired and deceased employees for a period of 5 years starting from the date of retirement / death.

(c) Electricity rebate

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

4.14.2 Defined contributory provident fund

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

4.14.3 Earned leave

The Company allows Leave Preparatory to Retirement (LPR) for staff and eligible officers. The liabilities for earned leave relate to earned leave that employee will use and encash in future. The amount recognised in the statement of financial position represents the present value of the obligation based on actuarial valuation. Remeasurement gains and losses pertaining to long term compensated absences are recognised in profit or loss immediately. This comprise of staff and officers as follows:

(a) Staff

Employees earn 42 days leave each year. Accumulation is limited to a maximum of 365 days earned leave, no encashment is permitted.

(b) Officers

Employees earn 30 days leave each year. No accumulation or encashment is permitted. Unused leave lapses at the end of each year. Some historical balances of accumulated leave remain. These are available for encashment and leave preparatory to retirement.

4.15 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax expense is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case, the related tax expense is also recognised in other comprehensive income or directly in equity, respectively.

4.15.1 Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable / receivable in respect of previous years.

4.15.2 Deferred

Deferred tax is recognised using the balance sheet method, providing for all significant temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Company recognises deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.16 Trade and other payables

Trade and other payables are recognised initially at fair value less directly attributable cost, if any, and subsequently measured at amortised cost.

4.17 Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.18 Revenue recognition

Revenue is recognised when it is probable that future economic benefits will flow to the Company and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised on the following basis:

4.18.1 Energy sale

Revenue is recognised on supply of electricity to consumers based on meter readings at the rates notified by the government from time to time. Revenue is also recognised for the estimated electricity supplied to customers between the date of last meter reading and the reporting date.

4.18.2 Tariff adjustment

Tariff differential subsidy including claim for variation in fuel prices, cost of power purchase, operation and maintenance cost, write-off of trade debts and unrecovered cost are recognised on accrual basis.

4.18.3 Late payment surcharge

Surcharge on late payment is accounted for after the due date of payment has passed. In case of government / semi-government entities and local bodies, late payment surcharge is accounted for on receipt basis.

4.18.4 Rebate on electricity duty

Rebate on electricity duty is recognised at the rates specified by the government and is recognised on electricity duty collected.

4.18.5 Interest / Mark-up income

The Company recognises interest income / mark-up on bank balances and deposits on time proportion basis.

4.19 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are added to the cost of those assets, during the period of time that is required to complete and prepare the asset for its intended use.

4.20 Assets held under operating leases / Ijarah financing

Assets held under operating leases / Ijarah financing are not recognised on the Company's financial state ments and payments made under operating leases / Ijarah financing are recognised in the profit or loss on a straight line basis over the term of the lease.

4.21 Foreign currency transactions and translation

Foreign currency transactions are recorded in Pakistan Rupees (i.e.. Presentation and Functional currency) using the exchange rate approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the reporting date. Gains and losses on translation are taken to the profit or loss, however, in case of monetary assets and liabilities designated as hedged items against a cash flow hedge, the gains and losses on translation of the same are taken to other comprehensive income to the extent that related hedges are effective. Non-monetary items that are measured in terms of historical cost in a foreign curren cy are translated using the exchange rates as at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.22 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the period in which these are approved.

4.23 Earnings Per Share

The Company presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

	Note	2018	2017
		(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	220,323,561	207,386,187
Capital work-in-progress	5.4	57,079,585	30,344,588
		277,403,146	237,730,775

5.1 Operating fixed assets

	Land		Buildings on		Plant and machinery		Others										
	Leasehold (note 5.1.1)	Other (note 5.1.2)	Leasehold land	Other land	Owned	Assets given under long term diminishing musharaka (note 20.1)	Transmission grid equipment	Transmission lines	Distribution networks	Renewals of mains and services	Furniture, air-conditioners and office equipment	Vehicles	Computers and related equipment	Tools and general equipment	Major spare parts	Simulator Equipment	Total
					Level 3 fair value												
	(Rupees in '000)																
As at July 1, 2016																	
Cost	9,933,879	547,769	2,947,493	4,292,290	119,760,216	44,666,869	46,506,755	16,538,935	49,051,768	2,164,081	1,218,439	200,729	813,662	1,260,458	2,486,807	67,713	302,457,863
Accumulated depreciation	(1,833,660)	-	(528,195)	(1,469,743)	(29,615,256)	(22,407,122)	(16,710,306)	(8,502,296)	(23,015,594)	(1,860,501)	(812,147)	(170,770)	(652,728)	(763,814)	(599,272)	(67,713)	(109,009,117)
Net book value	8,100,219	547,769	2,419,298	2,822,547	90,144,960	22,259,747	29,796,449	8,036,639	26,036,174	303,580	406,292	29,959	160,934	496,644	1,887,535	-	193,448,746
Year ended June 30, 2017																	
Opening net book value	8,100,219	547,769	2,419,298	2,822,547	90,144,960	22,259,747	29,796,449	8,036,639	26,036,174	303,580	406,292	29,959	160,934	496,644	1,887,535	-	193,448,746
Additions (note 5.4)	94,826	13,379	120,827	464,426	11,822,522	-	4,626,305	635,888	7,484,846	560,366	148,685	26,222	320,523	190,175	659,554	-	27,168,544
Revaluation surplus (note 5.1.3)	4,013,520	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,013,520
Disposals																	
Cost	-	-	-	-	(3,328,538)	-	(143,509)	(52,331)	(1,326,969)	(11,115)	(8,048)	(4,851)	(9,123)	(6,271)	-	-	(4,890,755)
Accumulated depreciation	-	-	-	-	412,220	-	77,644	31,295	879,013	11,115	6,262	4,366	9,118	5,644	-	-	1,436,677
	-	-	-	-	(2,916,318)	-	(65,865)	(21,036)	(447,956)	-	(1,786)	(485)	(5)	(627)	-	-	(3,454,078)
Inter-head reclassification																	
Cost	-	-	-	-	114,408	-	(395)	5,663	453	(261)	14,109	-	411	1,197	(135,585)	-	-
Accumulated depreciation	-	-	-	-	(23,923)	-	5,837	(2,032)	211	240	(9,156)	-	(370)	(244)	29,437	-	-
	-	-	-	-	90,485	-	5,442	3,631	664	(21)	4,953	-	41	953	(106,148)	-	-
Provision for impairment																	
Cost	-	-	(15,102)	-	-	-	-	(575,205)	-	-	-	-	-	-	-	-	(590,307)
Accumulated depreciation	-	-	2,139	-	-	-	-	230,749	-	-	-	-	-	-	-	-	232,888
	-	-	(12,963)	-	-	-	-	(344,456)	-	-	-	-	-	-	-	-	(357,419)
Assets written-off	-	(16)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16)
Depreciation charge (note 5.1.7)	(129,381)	-	(80,113)	(73,687)	(5,063,369)	(2,193,787)	(3,020,036)	(479,990)	(1,695,554)	(227,234)	(97,689)	(5,936)	(113,186)	(106,346)	(146,802)	-	(13,433,110)
Closing net book value	12,079,184	561,132	2,447,049	3,213,286	94,078,280	20,065,960	31,342,295	7,830,676	31,378,174	636,691	460,455	49,760	368,307	580,799	2,294,139	-	207,386,187
As at June 30, 2017																	
Cost	14,042,225	561,132	3,053,218	4,756,716	128,368,608	44,666,869	50,989,156	16,552,950	55,210,098	2,713,071	1,373,185	222,100	1,125,473	1,445,559	3,010,776	67,713	328,158,849
Accumulated depreciation	(1,963,041)	-	(606,169)	(1,543,430)	(34,290,328)	(24,600,909)	(19,646,861)	(8,722,274)	(23,831,924)	(2,076,380)	(912,730)	(172,340)	(757,166)	(864,760)	(716,637)	(67,713)	(120,772,662)
Net book value	12,079,184	561,132	2,447,049	3,213,286	94,078,280	20,065,960	31,342,295	7,830,676	31,378,174	636,691	460,455	49,760	368,307	580,799	2,294,139	-	207,386,187
Year ended June 30, 2018																	
Opening net book value	12,079,184	561,132	2,447,049	3,213,286	94,078,280	20,065,960	31,342,295	7,830,676	31,378,174	636,691	460,455	49,760	368,307	580,799	2,294,139	-	207,386,187
Additions (note 5.4)	114,585	5,579	74,197	85,235	3,873,603	-	1,622,679	587,844	9,474,089	141,296	200,458	16,382	261,795	104,177	1,126,213	-	17,688,132
Revaluation surplus (note 5.1.3)	574,959	-	-	-	6,121,751	677,400	3,657,835	-	-	-	-	-	-	-	-	-	11,031,945
Disposals (note 5.2)																	
Cost	-	-	-	-	(34,102)	-	(66,553)	(98,407)	(1,321,937)	-	(49,551)	(10,131)	(3,227)	(2,142)	-	-	(1,586,050)
Accumulated depreciation	-	-	-	-	16,130	-	43,076	48,667	1,018,828	-	43,320	9,118	2,778	1,920	-	-	1,183,837
	-	-	-	-	(17,972)	-	(23,477)	(49,740)	(303,109)	-	(6,231)	(1,013)	(449)	(222)	-	-	(402,213)
Assets written-off																	
Cost	-	-	(12,592)	-	(6,868)	-	(35,085)		(24,634)	-	(3)	-	-	(803)	-	-	(79,985)
Accumulated depreciation	-	-	11,332	-	6,181	-	15,913		17,225	-	2	-	-	701	-	-	51,354
	-	-	(1,260)	-	(687)	-	(19,172)	-	(7,409)	-	(1)	-	-	(102)	-	-	(28,631)
Depreciation charge (note 5.1.7)	(201,640)	-	(79,284)	(105,364)	(6,362,933)	(2,193,787)	(3,091,037)	(486,454)	(2,001,529)	(232,901)	(111,685)	(6,291)	(140,974)	(116,887)	(221,093)	-	(15,351,859)
Closing net book value	12,567,088	566,711	2,440,702	3,193,157	97,692,042	18,549,573	33,489,123	7,882,326	38,540,216	545,086	542,996	58,838	488,679	567,765	3,199,259	-	220,323,561
As at June 30, 2018																	
Cost	14,731,769	566,711	3,114,823	4,841,951	138,322,992	45,344,269	56,168,032	17,042,387	63,337,616	2,854,367	1,524,089	228,351	1,384,041	1,546,791	4,136,989	67,713	355,212,891
Accumulated depreciation	(2,164,681)	-	(674,121)	(1,648,794)	(40,630,950)	(26,794,696)	(22,678,909)	(9,160,061)	(24,797,400)	(2,309,281)	(981,093)	(169,513)	(895,362)	(979,026)	(937,730)	(67,713)	(134,889,330)
Net book value	12,567,088	566,711	2,440,702	3,193,157	97,692,042	18,549,573	33,489,123	7,882,326	38,540,216	545,086	542,996	58,838	488,679	567,765	3,199,259	-	220,323,561
Annual rate of depreciation (%)	1.03 to 7.42		2	2 to 20	2.85 to 33.33	2.85 to 33.33	3 to 10	3 to 3.33	3 to 10	20	10 to 15	20	14.33-33.33	10 to 15	3.33 to 20	14.33	

5.1.1 Leasehold land

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

5.1.2 Other land

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

	Note	2018	2017
		(Rupees in '000)	
Amenity			
- Leasehold		527,464	521,885
- Freehold (mainly grid)		671	671
		528,135	522,556
Leasehold land – owned	5.1.2.1	38,576	38,576
		566,711	561,132

5.1.2.1 This represents leasehold land in respect of which lease renewals are in process.

5.1.3 Details of the latest revaluation exercises carried out by the external valuers based on which revaluation surplus has been recorded in these financial statements are as follows:

	Name of external valuer	Revaluation date	Written down value before revaluation	Revalued amount as at revaluation date	Carrying values as at June 30, 2018
			(Rupees in '000)		
Plant and machinery	Iqbal Nanjee and Company (Private) Limited	June 30, 2018	108,945,116	115,744,267	116,241,615
Transmission grid equipment	Iqbal Nanjee and Company (Private) Limited	June 30, 2018	28,136,753	31,794,588	33,489,123
Leasehold land	Colliers International Pakistan (Private) Limited	June 30, 2018	11,992,129	12,567,088	12,567,088

These valuations fall under level 2 and 3 hierarchies which have been explained in note 5.1.4.

5.1.3.1 The forced sale value of leasehold land, plant and machinery and transmission grid equipment as at the date of respective revaluations amount to Rs. 11,310 million, Rs. 92,595 million and Rs. 25,436 million respectively.

5.1.3.2 Had there been no revaluation, the values of specific classes of leasehold land, plant and machinery and transmission grid equipment as at June 30, 2018 under the cost model would have been as follows:

	Cost		Written down value	
	2018	2017	2018	2017
		(Rupees in '000)		
Leasehold land	819,360	704,775	760,896	659,365
Plant and machinery - owned	93,027,117	94,831,821	59,885,068	67,464,228
Plant and machinery - assets given under diminishing musharaka	25,269,661	18,268,370	12,681,926	5,994,269
Transmission grid equipment	28,960,826	27,414,976	16,207,336	15,440,353
	148,076,964	141,219,942	89,535,226	89,558,215

5.1.4 Non financial asset fair valuation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly tranaction between market participants at the measurement date.

The valuation techniques and inputs used to develop fair value measurements are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market date (unobservable inputs).

Valuation techniques and significant unobservable inputs

Valuation techniques used in measuring the fair value of leasehold land, plant and machinery and transmission grid equipment and the significant unobservable inputs used in the valuation are as follows:

Leasehold land

The fair value of leasehold land was determined by obtaining market values of the properties and considering its size, nature and location, as well as the trend in the real estate and property sector. All relevant factors affecting the saleability of the asset, availability of the buyers and the assessment of its real value under prevailing economic conditions were accounted for. The value of the land was assessed based on information available in current real estate market and has been categorized as level 2.

The estimated fair value of land would increase / decrease in line with the selling prices for property of same nature in the immediate neighbourhood and adjoining areas.

Transmission grid equipment

For the valuation of transmission grid equipment, the valuers referred to current cost from various manufacturers and also considered cost as incurred by the Company and the trend of prices of major raw material i.e. copper and steel.

The estimated fair value of transmission grid equipment would increase / decrease in line with the current selling prices of these equipment and has been categorized as level 3.

Plant and machinery

The valuer approached vendors for current prices. In view of the technological developments, where costs were not up to date, indexation according to European Power Capital Cost Index (EPCCI) was considered.

The actual fair value of plant and machinery would increase / decrease if indexation according to EPCCI increases / (decreases) and has been categorized as level 3.

The effect of changes in the unobservable inputs used in the above valuations cannot be determined with certainty. Accordingly, a quantitative disclosure of sensitivity has not been presented in these financial statements.

5.1.5 The cost of fully depreciated assets as at June 30, 2018 is Rs. 33,781 million (2017: Rs. 19,893 million).

5.1.6 Due to nature of the Company's operations, certain assets included in transmission and distribution network are not in possession of the Company. In view of large number of consumers, the management considers it impracticable to disclose particulars of assets not in the possession or control of the Company as required under the Fourth Schedule to the Companies Act, 2017.

5.1.7 Depreciation charge for the year has been allocated as follows:

	Note	2018	2017
		(Rupees in '000)	
Expenses incurred in generation, transmission and distribution	36	13,031,026	11,421,686
Consumers services and administrative expenses	37	2,320,833	2,011,424
		15,351,859	13,433,110

5.1.8 Fair value of plant and machinery and transmission grid equipment is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided in note 5.1 to the financial statements.

5.2 The details of operating fixed assets disposed off during the year are as follows:

	Original cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer
	(Rupees in '000)						
Plant and machinery							
Motor boiler feed pump	15,521	7,379	8,142	480	(7,662)	Tender	Malik & Brothers
Exitation panels	18,085	8,531	9,554	474	(9,080)	Tender	Fida Muhammad
Transmission, grid equipments and lines							
Switches & trollies, xlpe control cables	15,430	9,825	5,604	9,549	3,945	Insurance claim	M/s Adamjee Insurance Co. Ltd.
Capacitor cells bank	2,188	1,339	849	19	(830)	Tender	Bismillah Metal Impex (Pvt) Ltd.
Trolleys & switch gears	2,945	1,784	1,161	188	(973)	Tender	Amman Scrap
Cable oil filled	11,417	5,373	6,044	5,411	(633)	Tender	Universal Metal (Pvt) Ltd.
Cable oil filled	51,555	24,948	26,607	31,818	5,211	Tender	Noshad Metal Works (Pvt) Ltd.
CTs, PTs, cap. couplings, breakers etc.	25,282	16,269	9,012	1,206	(7,806)	Tender	Bismillah Metal Impex (Pvt) Ltd.
Cable xlpe & oil filled u/g	31,826	15,589	16,237	22,885	6,648	Tender	Noshad Metal Works (Pvt) Ltd.
Switchgear, outgoing vcb panels	17,952	11,919	6,032	501	(5,531)	Tender	Rafique Ahmed Memon
Distribution networks							
Aluminium cable	18,123	15,217	2,906	18,559	15,653	Tender	Universal Metal (Pvt) Ltd.
Aluminium cable	8,081	4,410	3,671	4,450	779	Tender	Sun Metal Industries (Pvt) Ltd.
Aluminium cable	18,021	13,036	4,985	12,457	7,472	Tender	Aslam Metal Scrap.
Aluminium cable	6,753	5,422	1,331	5,972	4,641	Tender	K.G.M Alloys
Aluminium conductor	28,694	19,361	9,333	22,675	13,342	Tender	Sun Metal Industries (Pvt) Ltd.
Aluminium conductor	21,497	12,681	8,815	20,935	12,120	Tender	Universal Metal (Pvt) Ltd.
Copper conductor	97,383	83,421	13,962	76,821	62,859	Tender	Universal Metal (Pvt) Ltd.
Copper conductor	153,169	99,129	54,041	111,433	57,392	Tender	Sun Metal Industries (Pvt) Ltd.
Copper conductor	195,805	159,987	35,818	183,235	147,417	Tender	Noshad Metal Works (Pvt) Ltd.
Copper coductor	39,280	35,351	3,929	99,498	95,569	Tender	Atta Metals (Pvt) Ltd.
Copper conductor	84,726	52,170	32,556	71,249	38,693	Tender	New Delight Co. (Pvt) Ltd.
Copper cable & lead	21,443	11,698	9,745	23,134	13,389	Tender	Universal Metal (Pvt) Ltd.
Coper cable & lead	10,089	6,362	3,727	9,998	6,271	Tender	Universal Metal (Pvt) Ltd.
Copper cable & lead	9,525	8,463	1,062	14,567	13,505	Tender	Noshad Metal Works (Pvt) Ltd.
Copper cable	32,609	26,517	6,092	32,657	26,565	Tender	Noshad Metal Works (Pvt) Ltd.
Copper cable	22,080	19,872	2,208	41,110	38,902	Tender	Universal Metal (Pvt) Ltd.
Meters-assorted types	81,846	64,568	17,278	14,652	(2,626)	Tender	Sun Metal Industries (Pvt) Ltd.
Transformers-PMTs	13,403	7,278	6,125	532	(5,593)	Tender	Anwar Traders
Energy,static meters	56,921	42,380	14,541	9,645	(4,896)	Tender	Sun Metal Industries (Pvt) Ltd.
Breakers	1,130	246	884	66	(818)	Tender	Bismillah Metal Impex (Pvt) Ltd.
Copper bus bar	1,288	699	590	1,973	1,383	Tender	Noshad Metal Works (Pvt) Ltd.
RMUs	2,443	1,533	909	156	(753)	Tender	Amman Scrap
Meters-assorted types	117,407	80,025	37,382	18,008	(19,374)	Tender	Aslam Metal Scrap.
Breakers,CTs	4,473	3,881	592	437	(155)	Tender	Gada Hussain
Tubular poles	3,292	2,587	705	1,963	1,258	Tender	Faisal & Company.
Energy,static meters	154,986	138,896	16,089	19,008	2,919	Tender	Sun Metal Industries (Pvt) Ltd.
Steel tubular poles	3,267	2,690	578	1,622	1,044	Tender	Anwar Ali Traders
Circuit breakers	2,051	1,163	888	216	(672)	Tender	Anwar Ali Traders
Meters-assorted types	88,854	79,968	8,885	13,255	4,370	Tender	Sun Metal Industries (Pvt) Ltd.
CTs,Breakers	6,827	5,971	856	1,431	575	Tender	Anwar Ali Traders
Breakers	5,609	4,852	758	833	75	Tender	Bismillah Metal Impex (Pvt) Ltd.
Furniture, air-conditioners and office equipment							
Furniture-steel	19,390	16,697	2,693	72	(2,621)	Tender	RKF Traders.
Furniture-steel & wooden	25,263	22,383	2,881	121	(2,760)	Tender	Nawab & Sons
Items having written down value below Rs. 500,000							
Transmission, grid equipments and lines	6,367	4,696	1,671	14,341	12,670	Tender	Various
Distribution networks	10,861	8,995	1,866	6,907	5,041	Tender	Various
Computers and related equipment	3,227	2,778	450	240	(210)	Tender	Various
Furniture, air-conditioners and office equipment	5,394	4,459	934	596	(338)	Tender	Various
Tools and general equipment	2,142	1,920	222	22	(200)	Tender	Various
Vehicles	10,131	9,119	1,012	9,853	8,841	Tender	Various
	38,121	31,967	6,155	31,959	25,804		
June 30, 2018	1,586,050	1,183,837	402,213	937,230	535,017		
June 30, 2017	4,890,755	1,436,677	3,454,078	4,778,034	1,323,956		

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

Particulars	Location	Total Area of Land Square Yards
Power Plants		
Bin Qasim Power Station I & II	Bin Qasim, Karachi	1,079,979
CCPP Korangi	Korangi, Karachi	545,516
Site Gas Turbine Power Station	S.I.T.E., Karachi	27,491
Korangi Town Gas Turbine	Korangi, Karachi	19,360
Open Plots		
Open plot in Deh Kharkhero for Grid	Malir, Karachi	250,107
Open plot at Green Belt P.E.C.H.S. for Grid	P.E.C.H.S., Karachi	10,275
Open plot for Complain center in Uthal survey 755	District Lasbella	2,000
Open plot in Gulistan-e-Joher (FL-15-16)	Gulistan-e-Joher, Karachi	9,680
Shireen Jinnah Colony Yard	Clifton, Karachi	1,233
Open plot for KE Officers Club	Phase VIII, DHA, Karachi	6,000
Open plot in Taiser Town Sector-45 for substation	Taiser Town, Karachi	1,540
Open plot in Baldia Town Scheme-29 for substation	Baldia, Karachi	750
Open plot in Hawksbay Scheme-42 for substation	Hawksbay	680
Open plot in Lyari Qtrs Old Kalri for substation	Lyari, Karachi	280
Open plot in SITE (Pump House)	S.I.T.E., Karachi	725
Offices		
KE Head Office	Gizri, DHA, Karachi	19,405
Elander Road	Elander Road, Karachi	22,091
AL-Mava	P.E.C.H.S., Karachi	2,000
Other Offices	Various areas in Karachi	9,810
Residential Colonies		
Gulshan-e-Hadeed	Bin Qasim, Karachi	121,000
Korangi	Korangi, Karachi	1,200
Grid Stations / IBCs / substations / stores	Various areas in Karachi	1,223,649

5.4 Capital Work-In-Progress

The movement in capital work-in-progress during the year is as follows:

	Plant and machinery	Transmission grid equipments / lines	Distribution network / renewals of mains and services	Others	2018	2017
	(Rupees in '000)					
Balance at beginning of the year	3,537,529	12,557,912	10,025,627	4,223,520	30,344,588	30,029,255
Additions during the year (note 5.4.1)	6,415,522	24,187,147	12,102,042	1,909,411	44,614,122	27,699,566
	9,953,051	36,745,059	22,127,669	6,132,931	74,958,710	57,728,821
Transfers to operating fixed assets and intangible assets (notes 5.1 and 6.1)	(5,259,389)	(2,306,784)	(9,559,787)	(753,165)	(17,879,125)	(27,384,233)
Balance at end of the year	4,693,662	34,438,275	12,567,882	5,379,766	57,079,585	30,344,588

5.4.1 These include borrowing cost capitalised during the year amounting to Rs. 1,179 million (2017: Rs. 870 million).

		Note	2018	2017
			(Rupees in '000)	
6.	**INTANGIBLE ASSETS**			
	Computer software			
	Cost	6.1	1,268,278	1,077,285
	Amortization to date	6.2	(976,521)	(861,879)
			291,757	215,406
6.1	**Cost**			
	Opening balance		1,077,285	861,596
	Additions during the year	5.4	190,993	215,689
			1,268,278	1,077,285
6.2	**Amortization to date**			
	Opening balance		(861,879)	(797,736)
	Amortization during the year	36 & 37	(114,642)	(64,143)
			(976,521)	(861,879)
	Useful life		3 years	3 years

6.3 Computer software include ERP system - SAP, antivirus and other software's.

7. LONG-TERM LOANS

	Note	Secured House building loans (note 7.1)	Unsecured Festival loans (note 7.1)	2018	2017
		(Rupees in '000)			
Considered good					
Executives		-	36	36	36
Employees		429	24,098	24,527	26,950
		429	24,134	24,563	26,986
Recoverable within one year shown under current assets	11	(429)	(2,133)	(2,562)	(5,209)
		-	22,001	22,001	21,777

7.1 House building loans, carrying mark-up @ 6% (2017: 6%) per annum, are recoverable over a period of sixteen years. These are secured against equitable mortgage of related properties.

Festival loans are non-interest bearing loans. The Board of Directors in its meeting held on February 1, 2003 approved the deferment of the recovery of these loans in instalments and decided that the said loans would be recovered against the final settlement of the employees at the time of their retirement. The amount disclosed as recoverable within one year is receivable from employees expected to retire within one year.

7.2 Long-term loans have not been discounted to their present values as the financial impact thereof is not considered to be material.

7.3 The maximum aggregate amount of loans due from the executives and employees at the end of any month during the year was Rs. 26 million (2017: Rs. 36 million).

21.4 This represents Pakistan Rupee equivalent drawdowns of USD 57.06 million (2017: USD 9 million) disbursed under Sinosure supported facility agreement entered into on December 22, 2015 amounting to USD 91.5 million, with a syndicate of foreign commercial lenders. The loan is to be utilized to fund the Transmission Project (TP 1000-03). The loan carries mark-up at 3 month USD LIBOR + 3.5% per annum. The loan is to be settled in 28 quarterly installments with the first installment due on March 16, 2019 and is repayable by December 16, 2025. The Company has executed cross currency swaps with commercial banks to hedge the Company's foreign currency payment obligation under the facility together with USD LIBOR interest accruing thereon.

21.5 The above facilities, stated in notes 21.2 to 21.4 are secured against:

- assets and properties (excluding stores, spares and fuel) existing and located on each of the Bin Qasim Site (other than units 3 and 4 of BQPS-1), the Korangi site, the Korangi Gas Plant Site and S.I.T.E Plant site:
- stores and spares of the Company, not exceeding fifteen percent (15%) of the aggregate value, wheresoever located:
- hypothecation charge over specific consumers' receivables; and
- lien on specific accounts and deposits by way of first pari passu charge for the benefit of facility parties.

21.6 The bifurcation of long term financing under Conventional banking and Islamic banking is as follows:

	2018	2017
	(Rupees in '000)	
Conventional:		
Medium term loan	-	2,750,000
Syndicated loan	1,105,714	2,580,000
Hermes financing facility	5,873,045	611,138
Sinosure financing facility	6,939,095	975,302
	13,917,854	6,916,440
With Islamic banks:		
Syndicated loan	137,143	332,067
	14,054,997	7,248,507

21.7 During the year ended June 30, 2004, the Finance Division of GOP vide its letter dated April 20, 2004, released a sum of Rs. 26 million as cash development loan for village electrification in Hub and Vinder Areas, District Lasbella. This loan is repayable in 20 years with a grace period of five years, which ended on June 30, 2009, along with mark-up chargeable at the prevailing rate for the respective years. Accordingly, the Company is in process of settlement of this loan.

22. LONG-TERM DEPOSITS

	Note	2018	2017
		(Rupees in '000)	
Long-term deposits	22.1	9,718,749	8,600,108

22.1 These represent deposits from customers, taken as a security for energy dues. Such deposits are repayable at the time when electricity connection of consumer is permanently disconnected after adjust ment thereof against any amount receivable from the consumer at the time of disconnection. These deposits have been utilised in business of the Company in accordance with the requirements of written agreements and in terms of section 217 of the Companies Act 2017.

23. EMPLOYEE RETIREMENT BENEFITS

	Note	2018	2017
		(Rupees in '000)	
Gratuity	23.1	2,995,101	3,600,032
Post retirement medical benefits	23.1	501,037	468,554
Post retirement electricity benefit	23.1	339,078	294,641
Accumulating leave payable	23.1.14	605,961	518,722
		4,441,177	4,881,949

	Note	2018	2017
		(Rupees in '000)	
8. LONG-TERM DEPOSITS			
Considered good			
Rental premises and others		15,806	13,497
Considered doubtful			
Rental premises		1,020	1,020
Provision for impairment		(1,020)	(1,020)
		-	-
		15,806	13,497
9. STORES, SPARES AND LOOSE TOOLS			
Stores, spares and loose tools		12,141,222	10,059,636
Provision against slow moving and obsolete stores, spare parts and loose tools	9.1	(656,794)	(620,503)
		11,484,428	9,439,133
9.1 Provision against slow moving and obsolete stores, spares and loose tools			
Opening balance		620,503	884,410
Provision / (Reversal of provision) recognised during the year - net	36 & 37	36,291	(263,907)
		656,794	620,503
10. TRADE DEBTS			
Considered good			
Secured – against deposit from consumers	10.1	2,406,007	2,006,797
Unsecured	10.2	112,965,255	101,412,957
		115,371,262	103,419,754
Considered doubtful		65,920,632	58,197,616
		181,291,894	161,617,370
Provision for impairment against debts considered doubtful	10.3	(65,920,632)	(58,197,616)
		115,371,262	103,419,754

10.1 The Company maintains deposits from consumers, taken as a security for energy dues (note 22).

10.2 These balances do not include any Late Payment Surcharge (LPS) on receivables from public sector consumers on the contention, as fully explained in note 31.1.1, that due to the circular debt situation, the LPS should only be received by the Company from its public sector consumers, if any surcharge is levied on the Company on account of delayed payments of its public sector liabilities.

As at June 30, 2018, receivable from government and autonomous bodies amounting to Rs. 50,045 million (2017: Rs. 52,060 million) includes unrecognized LPS of Rs. 6,515 million (2017: Rs. 7,550 million); which includes receivable from Karachi Water and Sewerage Board (KW&SB) amounting to Rs. 31,155 million including LPS of Rs. 3,424 million (2017: Rs. 33,173 million including LPS of Rs. 4,028 million) and City District Government Karachi (CDGK) amounting to Rs. 13,161 million including LPS of Rs. 1,350 million (2017: Rs. 12,740 million including LPS of Rs. 1,690 million).

Upto June 30, 2018, adjustment orders has been received from the Government of Sindh (GoS) whereby the Company's liability amounting to Rs.12,434 million (2017: Rs.10,507 million) on account of electricity duty has been adjusted against the KW&SB dues.

10.3 Provision for impairment

	Note	2018	2017
		(Rupees in '000)	
Opening balance		58,197,616	48,593,591
Provision made during the year	37	16,300,201	18,140,501
		74,497,817	66,734,092
Write-off against provision during the year	10.3.1	(8,577,185)	(8,536,476)
		65,920,632	58,197,616

10.3.1 This includes write-off of Rs. 3,371 million (2017: Rs. 6,195 million) to be claimed as tariff adjustment in accordance with the criteria prescribed by NEPRA as explained in note 33.2.

10.4 Energy sales to and purchases from Karachi Nuclear Power Plant (KANUPP) are recorded at net amounts to facilitate recovery of energy dues by offsetting receivables against liabilities for purchase of energy.

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

	2018	2017
	(Rupees in '000)	
Neither past due nor impaired		
Upto 30 days	31,785,375	23,948,753
Past due but not impaired		
30 days upto 6 months	15,867,942	16,374,315
6 months upto 1 year	17,636,833	17,961,498
1 - 2 years	25,112,275	22,346,208
2 - 3 years	15,540,839	14,459,139
3 - 4 years	5,022,783	4,858,950
Over 4 years	4,405,215	3,470,891
	115,371,262	103,419,754

11. LOANS AND ADVANCES

	Note	2018	2017
Loans – secured			
Considered good			
Current portion of long term loans	7	2,562	5,209
Advances – unsecured			
Considered good			
Employees	11.1	57,309	55,329
Suppliers		829,253	713,679
		886,562	769,008
Considered doubtful			
Suppliers		130,340	130,340
		1,016,902	899,348
Provision for impairment against advances considered doubtful		(130,340)	(130,340)
		886,562	769,008
		889,124	774,217

11.1 These are advances to employees for business related expenses.

	Note	2018	2017
		(Rupees in '000)	
12. DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits	12.1 & 12.2	2,414,868	3,062,878
Prepayments			
Rent		36,480	21,877
Insurance and others		58,838	73,529
		95,318	95,406
		2,510,186	3,158,284

12.1 These include Rs. 29 million (2017: Rs. 87 million), representing margins / guarantee deposits held by commercial banks against guarantees, letter of credits and other payments. These carry mark-up ranging from 5.5% to 6% per annum (2017: 4% to 5% per annum).

12.2 These also include Rs. 2,319 million (2017: Rs. 2,939 million) representing deposits under lien against settlement of letter of credits, loans and sukuk repayments with commercial banks. These carry mark- up ranging from 5.5% to 6% per annum (2017: 4% to 5% per annum).

	Note	2018	2017
		(Rupees in '000)	
13. OTHER RECEIVABLES			
Considered good			
Sales tax - net		7,333,382	2,997,626
Due from the Government of Pakistan (GOP) - net:			
- Tariff adjustment	13.1, 13.2 & 13.3	49,328,513	29,809,793
- Interest receivable from GOP on demand finance liabilities		237,173	237,173
		49,565,686	30,046,966
Others		86,713	86,820
		56,985,781	33,131,412
Considered doubtful			
Sales tax	13.4	851,320	851,320
Provision for impairment		(851,320)	(851,320)
		-	-
Due from a consortium of suppliers of power plant		363,080	363,080
Provision for impairment		(363,080)	(363,080)
		-	-
		56,985,781	33,131,412

13.1 This includes Rs. 6,037 million (2017: Rs. 6,037 million) on account of unrecovered cost of prior years. In previous years, the tariff adjustment mechanism was to pass on the effect of variation in cost of fuel and power purchase on quarterly basis. This formula capped adjustment on account of quarterly fuel price and cost of power purchase variation to 4% and the remaining burden or relief was to be carried forward to the next quarterly adjustment. However, the adverse fuel price movements since 2005 resulted in additional costs which were not being recovered due to 4% cap and increasing burden was being placed upon the Company with respect to such unrecovered amount.

The Economic Co-ordination Committee (ECC), on a summary moved by the Ministry of Energy (Power Division), in case No. ECC-164/16/2008 dated October 14, 2008 decided that the said unrecovered cost due to 4% cap has been incurred by the Company and NEPRA may take the amount into account in the subsequent quarterly tariff adjustment. However, NEPRA is of the view that the tariff mechanism does not allow for adjustment of such unrecovered cost.

The Power Division through letter dated June 1, 2012 to the Finance Division (GOP), communicated that the unrecovered costs of the Company were pending due to non availability of adjustment mechanism with NEPRA, although it has already been acknowledged by ECC and that the GOP owes this amount to the Company. Accordingly, this unrecovered cost of Rs. 6,037 million is to be settled as per the options available with the GOP.

In view of the above, the Company's management considers that the unrecovered costs of Rs. 6,037 million will be recovered. Accordingly, the entire amount is being carried as tariff adjustment subsidy receivable from the GOP. The Company continues to pursue an early settlement of this long outstanding receivable from GOP and is confident that the same will be recovered in due course of time.

13.2 This also include subsidy receivable of Rs. 698 million (2017: Rs. 698 million) in respect of subsidised electricity supplied to certain areas of Balochistan for the period December 2012 to June 2014, in accordance with the notification issued by the Finance Division dated November 28, 2012. However, in June 2014, the Ministry of Energy (Power Division) denied the aforementioned subsidy claim contending that the subsidised electricity claim is not applicable for the Company and that it was only for Quetta Electric Supply Company Limited that supplied electricity in similar areas. The Company is in continuous engagement with the Ministry of Energy (Power Division) for resolution of this matter, however, the subsidised portion will be recovered by the Company from the relevant consumers in the event the subsidy claim is not honored and recovered from the Government.

13.3 This also include gas load management plan differential amounting to Rs. 2,618 million (2017: Rs. 2,618 million), outstanding tariff differential claims pertaining to the period January 2014 to December 2014 amounting to Rs. 12,672 million (2017: Rs. 12,672 million), and outstanding industrial support package adjustment amounting to Rs. 21,984 million (2017: Rs. 11,699 million) which has been referred to Ministry of Energy (Power Division) by Ministry of Finance (MOF) for appropriate action including approval from ECC. The Company is of the view that all these claims have arisen due to decision / directions of the GOP and have been duly verified by Ministry of Energy (Power Division) GOP. Hence, these are valid and legitimate receivables of the Company from GOP. Further, this includes tariff variations pending determination by NEPRA, accrued in accordance with the MYT decision.

13.4 This includes Rs. 610 million (2017: Rs. 610 million) in respect of refunds claimed for the period from July 2000 to June 2007 withheld by the sales tax department on account of sales tax on service connection charges, sales tax on meter burnt charges, input inadmissible and certain other matters. The remaining amount of Rs. 241 million (2017: Rs. 241 million) represents other input sales tax amount which is not claimable as per the provisions of Sales Tax Act, 1990. Based on prudence, the Company has recorded provision against the entire receivable of Rs. 851 million.

	Note	2018	2017
		(Rupees in '000)	
14. DERIVATIVE FINANCIAL ASSETS			
Cross currency swap	14.1	669,985	-

14.1 The Company entered into multiple cross currency swap arrangement with commercial banks in connection with foreign currencies borrowings as disclosed in notes 21.3 and 21.4. Pursuant to the agreements, the Company's foreign currency borrowings up to USD 51.74 million (2017: USD 9 million) and EUR 41.49 million (2017: EUR 5 million) were converted into hedged Pakistan Rupee amount and the interest rate accruing thereon is payable to the hedging bank at 3 month KIBOR + spread ranging from negative 95 to positive 20 basis points.

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

	Note	2018	2017
		(Rupees in '000)	
15. CASH AND BANK BALANCES			
Cash in hand		26,232	19,787
Cash with:			
Conventional banks:			
- Current accounts		119,708	301,081
- Deposit accounts	15.1	286,684	51,378
- Collection accounts		678,698	1,479,854
		1,085,090	1,832,313
Islamic banks:			
- Current accounts		4,804	-
- Deposit accounts		1,486	13,798
- Collection accounts		15,062	212,018
		21,352	225,816
		1,132,674	2,077,916

15.1 These carry mark-up at rates ranging from 4% to 4.5% (2017: 3.75 % to 4.0%) per annum.

	Note	2018	2017
		(Rupees in '000)	
16. ASSETS CLASSIFIED AS HELD FOR SALE			
Leasehold land	16.1	3,047,856	2,999,116

16.1 In 2016, the Company purchased a land for development of 700 MW (2 x 350 MW) coal-based power plant (the Project). The Project will be developed by a separate company i.e. "Datang Pakistan Karachi Power Generation (Private) Limited (DPKPGL)" (note 31.3.2). The land (located at Port Qasim measuring 1,045,440 sq. yards) acquired for the project will be transferred to DPKPGL subsequent to the financial close of the Project. The period of one year has lapsed from the date of classification of this land as 'Held for Sale'. However, this land continues to be classified as 'Held for Sale' as the Company remains committed to its plan to transfer this land to DPKPGL.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		Note	2018 (Rupees in '000)	2017 (Rupees in '000)
		Authorized share capital			
32,857,142,857	32,857,142,857	Ordinary shares of Rs. 3.5 each		115,000,000	115,000,000
2,857,142,857	2,857,142,857	Redeemable preference shares of Rs. 3.5 each		10,000,000	10,000,000
35,714,285,714	35,714,285,714			125,000,000	125,000,000
		Issued, subscribed and paid-up capital			
		Issued for cash			
14,493,490,368	14,493,490,368	Ordinary shares of Rs. 3.5 each fully paid	17.2 & 17.3	50,727,215	50,727,215
		Issued for consideration other than cash			
12,988,827,989	12,988,827,989	Ordinary shares of Rs. 3.5 each fully paid	17.4 to 17.8	45,460,898	45,460,898
		Issued as bonus shares			
132,875,889	132,875,889	Ordinary shares of Rs. 3.5 each fully paid as bonus shares		465,066	465,066
13,121,703,878	13,121,703,878			45,925,964	45,925,964
-	-	Transaction costs on issuance of shares		(391,628)	(391,628)
27,615,194,246	27,615,194,246		17.1	96,261,551	96,261,551

17.1 KES Power Limited (Holding Company) held 18,335,542,678 ordinary shares as at June 30, 2018 (2017: 18,335,542,678) i.e. 66.40% of the Company's issued, subscribed and paid-up capital.

17.2 During the year ended June 30, 2013, the shareholders of the Company, by way of a special resolution passed in the Extra Ordinary General Meeting (EOGM) of the Company, held on October 8, 2012, resolved the issuance of additional share capital to International Finance Corporation and Asian Development Bank. As a result of the said resolution, the Company issued 698,071,428 ordinary shares and 696,785,714 ordinary shares having a face value of Rs. 3.5 each to International Finance Corporation and Asian Development Bank, respectively. The issuance of shares was made pursuant to terms of the amended subscription agreement dated May 5, 2010 whereby the aforementioned lenders exercised their right to convert their debt of USD 25 million each into ordinary shares of the Company.

17.3 During the year ended June 30, 2013, the Company converted its redeemable preference shares into ordinary shares of the Company. The conversion of redeemable preference shares to ordinary shares was executed in accordance with Article 4 of the subscription agreement dated November 14, 2005. As per the terms of conversion, each redeemable preference shareholder of the Company became the holder of three ordinary shares for every four redeemable preference shares held. Consequently, the Company converted 1,714,285,713 redeemable preference shares having face value of Rs. 3.5 each which amounts to Rs. 6,000 million into 1,285,714,284 ordinary shares having face value of Rs. 3.5 each which amounts to Rs. 4,500 million resulting in a share premium of Rs. 1,500 million.

17.4 During the year ended June 30, 1999, the Company issued 304,512,300 ordinary shares of Rs. 10 each as a result of the conversion of overdue outstanding balance of (a) rescheduled foreign currency loan of Rs. 1,968 million; and (b) cash development loan of Rs. 1,077 million, aggregating Rs. 3,045 million at that date, into equity.

17.5 During the year ended June 30, 2002, the shareholders of the Company, by way of a special resolution, passed in the Annual General Meeting (AGM) of the Company, finalized the conversion of the Company's debt servicing liabilities, aggregating Rs. 17,835 million, into equity. As a result, the Company issued

1,783,456,000 ordinary shares of Rs. 10 each at par. The subscription agreement in this regard was entered into on January 24, 2002.

17.6 As per the decision taken in the ECC meeting, held on April 16, 2002, which was also approved by the President of Pakistan, the Ministry of Finance (MOF) conveyed through its letter dated April 27, 2002, that all the loans of GOP and GOP guaranteed loans outstanding against the Company be converted into equity. Accordingly, loans aggregating to Rs. 65,341 million were converted into equity of GOP in the Company.

17.7 The shareholders of the Company, by way of a special resolution passed in the AGM of the Company held on December 2, 2004, resolved the conversion of (a) GOP funds amounting to Rs. 6,081 million; and (b) GOP long-term loan amounting to Rs. 9,203 million, aggregating to Rs.15,284 million into equity. As a result of the said resolution, the Company issued 4,366,782,389 ordinary shares of Rs. 3.5 each at par. The subscription agreement in this regard was entered into on December 20, 2004.

17.8 The shareholders of the Company during the year ended June 30, 2002, by way of a special resolution passed, in the EOGM held on May 27, 2002, resolved the reduction of share capital of the Company, subsequent to the completion of the conversion of GOP and GOP guaranteed loans of Rs. 65,341 million into equity (note 17.6). The paid-up capital, which was lost or not represented by assets of the Company, to the extent of Rs. 6.50 per share on each of the issued ordinary shares of the Company at that time, was reduced and a new nominal value thereof was fixed at Rs. 3.50 per share. The High Court of Sindh, vide its order, dated October 12, 2002, ordered the reduction in the nominal value of share capital of the Company by Rs. 6.50 per share. The Board of Directors of the Company in its meeting held on October 26, 2002 also approved the reduction in nominal value of share capital, amounting to Rs. 57,202 million.

The GOP, vide its Finance Division letter dated January 31, 2003, conveyed the sanction of the President of Pakistan to write-off the GOP equity in the Company. Accordingly, the reduction in share capital of Rs. 57,202 million was adjusted against the accumulated losses of the Company.

17.9 Profits earned by the Company since 2009 have all been reinvested into the Company's business taking into account the capital expenditure requirements, the Company's financial position and level of accumulated losses and requirements of the lenders. Consequently, the level of adjusted invested equity in the business at the end of June 30, 2018 (hereinafter defined as "Adjusted Invested Equity") comprises of issued share capital, reserves (excluding surplus on revaluation of fixed assets), adjusted profits since 2009 which were retained in the business (excluding impact of deferred tax asset and incremental depreciation relating to surplus on revaluation of fixed assets) and excluding impact of accumulated losses till the year ended June 30, 2011.

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

	Note	2018	2017
		(Rupees in '000)	
Shareholder's equity in the statement of financial position		207,293,038	184,316,316
Surplus on revaluation of property, plant and equipment		(54,087,395)	(47,605,194)
		153,205,643	136,711,122
Accumulated losses up to June 30, 2011		79,864,661	79,864,661
Deferred tax net recognised on surplus of revaluation of property, plant and equipment		(18,675,205)	(20,402,309)
Adjusted Invested Equity (excluding impact of accumulated losses up to June 30, 2011 and surplus on revaluation of property, plant and equipment)		214,395,099	196,173,474

	Note	2018	2017
		(Rupees in '000)	
The Adjusted Invested Equity is summarized below:			
Issued, subscribed and paid-up capital	17	96,261,551	96,261,551
Share premium	18	1,500,000	1,500,000
Capital reserves	18	509,172	509,172
Revenue reserves		5,372,356	5,372,356
Profits available for distribution reinvested in the Company (Total comprehensive income for the year excluding the impact of deferred tax asset and incremental depreciation):			
- FY 2012		4,972,374	4,972,374
- FY 2013		8,144,896	8,144,896
- FY 2014		11,914,617	11,914,617
- FY 2015		21,961,285	21,961,285
- FY 2016		29,760,359	29,760,359
- FY 2017		15,776,864	15,776,864
- FY 2018		18,221,625	-
		110,752,020	92,530,395
Adjusted Invested Equity (excluding impact of accumulated losses up to June 30, 2011 and surplus on property, plant and equipment)		214,395,099	196,173,474

18. CAPITAL RESERVES

	Note	2018	2017
Share premium		1,500,000	1,500,000
Others	18.1	509,172	509,172
		2,009,172	2,009,172

18.1 Others

	Note	2018	2017
Unclaimed fractional bonus shares money	18.1.1	46	46
Workmen compensation reserve	18.1.2	700	700
Third party liability reserve	18.1.3	300	300
Fire and machinery breakdown insurance reserve	18.1.4	508,126	508,126
		509,172	509,172

18.1.1 Unclaimed fractional bonus shares money

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

18.1.2 Workmen compensation reserve

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

18.1.3 Third party liability reserve

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

18.1.4 Fire and machinery breakdown insurance reserve

The Company was operating a self insurance scheme in respect of its certain operating fixed assets and spares to cover such hazards which were potentially less likely to occur. However, the Company discontinued its policy for providing the amount under self-insurance scheme with effect from the year ended June 30, 1998. Operating fixed assets, which are self insured against this reserve and on which claim lodged with respect to damages to such assets is not fully acknowledged by the insurer, the shortfall is to be charged against this reserve.

19. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents revaluation surplus relating to leasehold land, plant and machinery and transmission grid equipment (notes 5.1.3 and 5.1.4).

	Note	2018	2017
		(Rupees in '000)	
Balance as the beginning of the year		68,007,504	71,381,241
Transferred to unappropriated profit in respect of incremental depreciation charged / disposals during the year, net of deferred tax		(4,393,795)	(5,171,080)
Related deferred tax liability		(1,883,055)	(2,216,177)
Revaluation surplus arising during the year	5.1.3	11,031,946	4,013,520
		4,755,096	(3,373,737)
		72,762,600	68,007,504
Less: Related deferred tax liability on:			
- Revaluation at the beginning of the year		(20,402,310)	(21,414,431)
- Revaluation surplus arising during the year		(3,309,584)	(1,204,056)
- Effect of change of tax rate		3,153,634	-
- Incremental depreciation charged / disposals during the year		1,883,055	2,216,177
		(18,675,205)	(20,402,310)
		54,087,395	47,605,194

19.1 The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

20. LONG-TERM DIMINISHING MUSHARAKA

	Note	2018	2017
		(Rupees in '000)	
Diminishing musharaka - secured	20.1	17,405,681	21,705,568
Less: Current maturity shown under current liabilities		(4,400,000)	(4,400,000)
		13,005,681	17,305,568

20.1 During the year ended June 30, 2015, the Company issued 4.4 million KE AZM Sukuk certificates, having face value of Rs. 5,000 each aggregating to Rs. 22,000 million and entered into a diminishing musharaka agreement with the investment agent, Pak Brunei Investment Company (trustee on behalf of the Sukuk holders) as a co-owner of the Musharaka assets. The issue resulted in cash receipts of subscription money of Rs. 22,000 million. The Company, however, paid transaction cost from the said receipts amounting to Rs. 491 million resulting in proceeds net of transaction cost of Rs. 21,509 million. The Sukuk certificates carry profit at the rate of 3 months KIBOR + 1% and with quarterly rental payments. These certificates are issued for a tenure of seven years and are structured in such a way that first quarterly principal repayment installment commenced from the quarter ended September 2017. These certificates are issued to generate funds under Islamic mode of financing and are structured as long term diminishing musharaka. Under this arrangement the Company sold the beneficial ownership of the musharaka assets, mainly plant and machinery, to the investment agent (for the benefit of Sukuk holders) although legal title remains with the Company. The overall arrangement has been accounted for on the basis of substance of the transactions in these financial statements.

21. LONG-TERM FINANCING

	Note	2018	2017
		(Rupees in '000)	
From banking companies and financial institutions - secured			
Medium term loan	21.1	-	2,750,000
Syndicated loan	21.2 & 21.5	1,242,857	2,912,067
Hermes financing facility	21.3 & 21.5	5,873,045	611,138
Sinosure financing facility	21.4 & 21.5	6,939,095	975,302
	21.6	14,054,997	7,248,507
Current maturity shown under current liabilities		(2,158,010)	(4,407,143)
		11,896,987	2,841,364
Others - Secured			
Due to oil and gas companies		610	610
Current maturity shown under current liabilities		(610)	(610)
		-	-
Unsecured			
GOP loan for the electrification of Hub area	21.7	26,000	26,000
Current maturity shown under current liabilities		(26,000)	(26,000)
		-	-
		11,896,987	2,841,364

21.1 This represented financing facility of Nil (2017: Rs. 2,750 million) availed from a commercial bank for a period of 3 years. The loan carries mark-up at 3 months KIBOR + 0.07% (2017: 3 months KIBOR + 0.07%) per annum. This facility was secured against charge on specific operating fixed assets with 20% margin. As per the terms of the facility, it was at the discretion of the Company to repay the remaining outstanding amount any time after the date of disbursement, without any prior notice to the bank. The facility has been fully repaid during the year.

21.2 On March 28, 2014 the Company entered into agreements for syndicate facility amounting to Rs. 5,700 million, term finance facility of Rs. 1,360 million and Musharaka facility of Rs. 640 million. The finances were utilized for the procurement and services required to increase output and efficiency of 90 MW GE Jenbacher engines and to convert single cycle operation to combined cycle operation. The loan carries mark-up at 3 month KIBOR + 0.5% (2017: 3 months KIBOR + 0.5%) per annum. The loan and term finance facility is to be settled in 14 quarterly installments with installment commencing on December 31, 2015 and repayable by March 16, 2019. Whereas, Musharaka facility is to be settled in 14 quarterly installments with the installment commencing on January 1, 2016 and repayable by March 16, 2019. In September 2016 the Company partially prepaid the syndicate loan to the tune of Rs. 1,357 million.

21.3 This represents Pakistan Rupee equivalent drawdowns of EUR 41.49 million (2017: EUR 5 million) disbursed under Hermes supported facility agreement entered into on December 22, 2015 amounting to EUR 46.5 million, with Standard Chartered Bank, London Branch. The loan is to be utilized to fund the Transmission Project (TP 1000-04). The loan carries mark-up at 3 month EURIBOR + 1.65% per annum. The loan is to be settled in 28 quarterly installments with first installment due on March 16, 2019 and is repayable by December 16, 2025. The Company has executed cross currency swaps with commercial banks to hedge the Company's foreign currency payment obligation under the facility together with EURIBOR interest accruing thereon. During the year, through 2nd amendment to the facility agreement, amount under the facility has been enhanced to EUR 51.5 million.

23.1 Actuarial valuation of retirement benefits

The latest actuarial valuation was carried out as at June 30, 2018, using the "Projected Unit Credit Method". Details of which are presented in notes 23.1.1 to 23.1.14.

	Gratuity		Medical benefits		Electricity benefits	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
23.1.1 Net recognised liability						
Net liability at the beginning of the year	3,600,032	3,867,485	468,554	519,621	294,641	282,973
Expense recognised in profit or loss	639,634	600,216	61,466	49,036	63,392	38,042
Contributions / Benefits paid during the year	(1,460,376)	(1,207,011)	(68,966)	(60,845)	(60,491)	(44,323)
Remeasurement recognised in other comprehensive income	215,811	339,342	39,983	(39,258)	41,536	17,949
Net liability at the end of the year	2,995,101	3,600,032	501,037	468,554	339,078	294,641
23.1.2 Expense recognised in profit or loss						
Current service cost	415,787	363,578	15,958	11,680	9,691	9,177
Past service, termination and settlement cost	-	-	13,452	3,895	38,990	16,139
Net interest	223,847	236,638	32,056	33,461	14,711	12,726
Chargeable in profit or loss	639,634	600,216	61,466	49,036	63,392	38,042
23.1.3 Remeasurement losses / (gains) recognised in other comprehensive income						
Remeasurement due to change in demographic assumptions:						
- experience adjustment	162,101	346,421	39,983	(39,258)	41,536	17,949
- return on investment	53,710	(7,079)	-	-	-	-
Chargeable in other comprehensive income	215,811	339,342	39,983	(39,258)	41,536	17,949
23.1.4 Reconciliation of liability / (asset) as at reporting date						
Present value of defined benefit obligation	5,194,757	4,778,997	501,037	468,554	339,078	294,641
Fair value of plan assets	(2,199,656)	(1,178,965)	-	-	-	-
Net liability at end of the year	2,995,101	3,600,032	501,037	468,554	339,078	294,641
23.1.5 Movement in present value of defined benefit obligations						
Balance at the beginning of the year	4,778,997	4,149,915	468,554	519,621	294,641	282,973
Current service cost	415,787	363,578	15,958	11,680	9,691	9,177
Past service cost	-	-	13,452	3,895	38,990	16,139
Interest cost	352,683	287,513	32,056	33,461	14,711	12,726
Remeasurements: Actuarial loss / (gain)	162,101	346,421	39,983	(39,258)	41,536	17,949
Benefits paid	(514,811)	(368,430)	(68,966)	(60,845)	(60,491)	(44,323)
Balance at the end of the year	5,194,757	4,778,997	501,037	468,554	339,078	294,641

	2018	2017
23.1.6 Movement in fair value of plan assets		
Balance at the beginning of the year	1,178,965	282,430
Interest income	128,836	50,875
Remeasurement (loss) / gain due to investment return	(53,710)	7,079
Contributions made	1,460,376	1,207,011
Benefits paid	(514,811)	(368,430)
Balance at the end of the year	2,199,656	1,178,965
23.1.7 Plan assets comprise of:		
Bank deposits (note 23.1.7.1)	976,731	324,130
Corporate bonds (note 23.1.7.2)	76,815	70,279
Mutual funds	401,247	259,833
National Savings Certificates	1,123,065	860,810
Benefits due	(378,202)	(336,087)
	2,199,656	1,178,965

23.1.7.1 Bank deposits are held with banks having credit rating of A-1+.

23.1.7.2 The corporate bonds represent term finance certificates which are quoted on Pakistan Stock Exchange and are rated AA.

23.1.8 Principal actuarial assumptions used in the actuarial valuation:

Financial assumptions	2018	2017
Discount rate	8.80%	7.80%
Salary increase	6.70%	5.70%
Electricity tariff increase	3.70%	2.70%
Medical cost trend	3.70%	2.70%
Demographic assumptions		
Expected mortality rate	70% of EFU (61-66) Table	70% of EFU (61-66) Table
Expected withdrawal rate	Moderate	Moderate

23.1.9 The plans expose the Company to the following risks:

Salary risk

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

Mortality / withdrawal risk

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

Investment risks

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

23.1.10 Sensitivity analysis for actuarial assumptions

The impact of one percent movement in the assumptions used in determining retirement benefit obligations would have had the following effects on the June 30, 2018 actuarial valuation:

	June 30, 2018	
	1% increase	1% decrease
	(Rupees in '000)	
Discount rate	(385,477)	442,775
Salary increase	389,757	(344,669)
Electricity tariff increase	19,498	(17,356)
Medical cost trend	40,152	(35,395)

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

23.1.11 Maturity profile

Projected payments during the following years is as follows:

	Gratuity	Medical benefits	Electrical benefits
	(Rupees in '000)		
Benefit payments:			
FY 2019	613,899	43,951	22,571
FY 2020	708,811	42,716	26,223
FY 2021	761,604	41,438	27,840
FY 2022	865,793	43,466	30,485
FY 2023-27	3,685,113	240,064	158,510

23.1.12 Plan duration

	Gratuity	Medical benefits	Electrical benefits
	(Years)		
June 30, 2017	8.00	8.50	8.30
June 30, 2018	7.70	8.50	8.00

23.1.13 Based on actuarial advice, the Company intends to charge approximately Rs. 667.9 million, Rs. 59.2 million and Rs. 39.7 million in respect of gratuity, medical benefits and electrical benefits schemes, respectively, for the year ended June 30, 2019.

23.1.14 Accumulating leaves

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

	Note	2018	2017
		(Rupees in '000)	
24. DEFERRED REVENUE			
Balance at beginning of the year		20,193,359	18,065,386
Recoveries from customers during the year	24.1	2,880,574	3,659,773
		23,073,933	21,725,159
Amortization for the year	39	(1,686,016)	(1,531,800)
		21,387,917	20,193,359

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

25. DEFERRED TAXATION

25.1 The deferred tax balance as at June 30, 2018 comprise of the following:

	Balance as at July 1, 2016	Recognised in profit or loss	Recognised in OCI (Restated)	Balance as at June 30, 2017	Recognised in profit or loss (note 19)	Recognised in OCI (note 19)	Balance as at June 30, 2018
	(Rupees in '000)						
Deferred tax liability on:							
Accelerated tax depreciation	(25,221,106)	(1,771,262)	-	(26,992,368)	(216,919)	-	(27,209,287)
Surplus on revaluation of property, plant and equipment	(21,414,431)	2,216,177	(1,204,056)	(20,402,310)	1,883,055	(155,950)	(18,675,205)
	(46,635,537)	444,915	(1,204,056)	(47,394,678)	1,666,136	(155,950)	(45,884,492)
Deferred tax asset on:							
Available tax losses	29,486,370	(1,619,375)	-	27,866,995	(2,787,342)	-	25,079,653
Provision for gratuity and compensated absences	1,543,075	(173,900)	95,410	1,464,585	(249,399)	86,226	1,301,412
Others	15,003,094	3,060,004	-	18,063,098	1,440,329	-	19,503,427
	46,032,539	1,266,729	95,410	47,394,678	(1,596,412)	86,226	45,884,492
	(602,998)	1,711,644	(1,108,646)	-	69,724	(69,724)	-

25.2 As at June 30, 2018, the Company has aggregated deferred tax debits amounting to Rs. 98,277 million (2017: Rs. 113,304 million) out of which deferred tax asset amounting to Rs. 45,884 million (2017: Rs. 47,395 million) has been recognised and remaining balance of Rs. 52,393 million (2017: Rs. 65,909 million) remains unrecognised as per the standard accounting policy of the Company. As at year end, the Company's carried forward tax losses amounted to Rs. 267,145 million (2017: Rs. 312,588 million), out of which business losses amounting Rs. 98,006 million (2017: Rs. 157,072 million) have expiry period ranging between 2019 and 2021.

	Note	2018	2017
		(Rupees in '000)	
26. TRADE AND OTHER PAYABLES			
Trade creditors			
Power purchases		64,457,613	48,607,487
Fuel and gas		22,006,403	20,225,897
Others		6,908,780	4,980,004
	26.1	93,372,796	73,813,388
Accrued expenses	26.2	5,019,082	4,106,631
Advances / Credit balances of consumers			
Energy	26.3	2,348,181	1,868,780
Others	26.4	3,246,982	1,960,560
		5,595,163	3,829,340
Other liabilities			
Employee related dues		189,222	149,549
Payable to provident fund		65,606	66,252
Electricity duty	26.5	3,002,123	2,675,755
Tax deducted at source	26.5	213,751	150,027
PTV license fee	26.5	217,025	398,518
Derivative financial liabilities	14.1	-	34,458
Workers' profits participation fund	26.6	4,413,460	3,691,394
Workers' welfare fund	26.7	944,391	944,391
Payable to the Managing Agent - PEA (Private) Limited		28,871	28,871
Others including clawback	30.1.2	27,396,967	27,178,077
		36,471,416	35,317,292
		140,458,457	117,066,651

	2018	2017
	(Rupees in '000)	

26.1 This includes payable to following related parties:

Pakistan State Oil Company Limited	2,455,568	1,488,677
Sui Southern Gas Company Limited	18,832,393	18,409,025
BYCO Petroleum Pakistan Limited	718,442	328,195
Central Power Purchasing Agency (Guarantee) Limited (CPPA) / NTDC	57,640,823	42,601,487
	79,647,226	62,827,384

26.2 These include an aggregate sum of Rs. 1,322 million (2017: Rs. 958 million) representing outstanding claims / dues of property taxes, water charges, ground rent and occupancy value payable to various government authorities.

26.3 These represent amount due to the consumers on account of excess payments and revision of previous bills.

26.4 These represent general deposits received from consumers in respect of meters, mains & lines alteration and scrap sales, etc.

26.5 Electricity duty, tax deducted at source and PTV license fee are collected by the Company from the consumers on behalf of the concerned authorities.

26.6 Sindh Companies Profit (Workers Participation) Act, 2015 (SWPPF Act) was enacted on April 22, 2016 and is applicable retrospectively with effect from July 1, 2011. Sindh Revenue Board (SRB) issued show cause notices to the Company for the years 2012 and 2013 for payment of leftover amounts out of the annual allocation to the fund constituted under Sindh Workers Welfare Fund Act, 2014. The Company has challenged SWPPF Act before the High Court of Sindh and obtained a stay order based on the contention that the Company is a trans-provincial entity and that the retrospective application of SWPPF can not be enforced. However, based on prudence provision amounting to Rs. 4.4 billion in respect of years 2012 to 2018 is being maintained by the Company.

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

Further, Sindh Workers Welfare Fund Act, 2014 (SWWF) was enacted on June 4, 2015, which requires every industrial undertaking in the Province of Sindh to pay 2% of its total income as SWWF. The Company has received show cause notices for the years 2015 and 2016 from Sindh Revenue Board (SRB) for the payment of SWWF. The Company has challenged the applicability of SWWF before the High Court of Sindh and has obtained stay orders. However, based on the advice of legal expert and prudence provision amounting to Rs. 944 million in respect of years 2015 and 2016 i.e. years for which show cause notices have been received, is being maintained by the Company.

27. ACCRUED MARK-UP

	Note	2018	2017
		(Rupees in '000)	
Mark-up on long term financing		134,174	106,014
Mark-up on borrowings relating to Financial Improvement Plans		15,357	15,357
Mark-up on short-term borrowings		320,362	136,798
Interest on consumer deposits	31.1.7	630,915	282,200
Financial charges on delayed payment to suppliers	31.1.1	5,268,823	5,268,823
		6,369,631	5,809,192

28. SHORT-TERM BORROWINGS - Secured

	Note	2018	2017
		(Rupees in '000)	
From banking companies:			
Bills payable	28.1 & 28.2	5,282,752	350,147
Short-term running finances	28.1 & 28.3	27,904,667	10,498,941
Short-term loans	28.1 & 28.4	-	426,208
Murabaha finance facilities	28.1 & 28.5	5,526,000	3,145,500
Structured invoice financing	28.1 & 28.6	1,116,756	4,043,337
		39,830,175	18,464,133
From others:			
KES Power Limited - Holding Company	28.7	9,300	36,870
KE Azm Certificates	28.8	-	496,647
KE Azm Sukuk Certificates	28.9	1,477,885	1,425,856
		41,317,360	20,423,506

28.1 The total facility limit of various financing facilities available from banks aggregate to Rs. 45,210 million (2017: Rs. 45,451 million) out of which Rs. 5,380 million (2017: Rs. 26,987 million) remained unutilised as of reporting date.

28.2 These are payable to various commercial banks at a maturity ranging from 30 to 90 days from the date of discounting in respect of payments made to fuel and oil suppliers of the Company and Independent Power Producers (IPPs) and are secured against charge on specific fixed operating assets and joint pari passu hypothecation charge over current assets of the Company.

28.3 The Company has arranged various facilities for short-term working capital requirements from commercial banks, on mark-up basis. These are for a period of one year and carry mark-up of 1 to 3 months KIBOR - 0.03% to KIBOR + 1.25% per annum. These finances are secured against joint pari passu charge over current assets and charge over specific fixed assets. In addition, demand promissory notes in respect of the above mentioned facilities have also been furnished by the Company.

28.4 This includes short-term loan amounting to Nil (2017: Rs. 426 million), being Pakistan Rupee equivalent of USD 4.1 million, availed from a commercial bank carrying mark-up at 3-months LIBOR + 1.5% per annum. This facility is secured against joint pari passu hypothecation charge over current assets and charge over specific fixed assets.

28.5 This includes murabaha financing facility under Islamic mode of financing to meet the Company's working capital requirements amounting to USD 50 million (2017: USD 30 million), for a period of six months. The facility is so structured that the Company's cost is effectively 6-month KIBOR minus 0.11% per annum and is secured against joint pari passu hypothecation charge over current assets and charge over specific fixed assets.

28.6 This represents structured working capital finance facility obtained from commercial bank for financing of vendors' suppliers payments and carries mark-up rate at the rate of relevant tenure KIBOR + 0.1% per annum, with maximum repayment dates of 90 days from each invoice financed. These are secured against joint pari passu hypothecation charge over current assets and charge over specific fixed assets.

28.7 This represents excess funds received from KES Power Limited (Holding Company) while subscribing its share of right issue, and USD 0.25 million paid by KES Power Limited to a supplier as deposit on behalf of the Company. During the year, the Company has settled certain portion of the aggregate dues by adjusting the expenses incurred by the Company on behalf of KES Power Limited.

28.8 This represents 100,000 certificates having original face value of Rs. 5,000, net off unamortized transaction cost of Nil (2017: Rs. 496 million) matured in August 2017. The profit payments on these certificates are based on the fixed rate of 15.5% per annum. These certificates are secured by way of exclusive hypothecation over certain specific consumer receivable and specific fixed assets.

28.9 This represents the outstanding balance of 300,000 listed Sukuk certificates having original face value of Rs. 5,000, net off amortized transaction cost, due to mature by March 2019. The profit payments on these certificates are based on 3 months KIBOR + 2.75% per annum. As of June 30, 2018, the Sukuk holders had the option for early repayment. These Sukuk certificates are secured by way of exclusive hypothecation charge on specific fixed assets.

28.10 The bifurcation of short-term borrowings from banking and other companies under conventional and shariah compliant modes is as follows:

	Note	2018	2017
		(Rupees in '000)	
Conventional:			
Bills payable		5,282,752	350,147
Short-term running finances		26,904,667	9,370,661
Short-term loan		-	426,208
Structured invoice financing		1,116,756	4,043,337
KES Power Limited - Holding Company		9,300	36,870
KE Azm Certificates		-	496,647
		33,313,475	14,723,870
Shariah compliant:			
Short-term running finances		1,000,000	1,128,280
Murabaha finance facilities		5,526,000	3,145,500
KE Azm Sukuk certificates		1,477,885	1,425,856
		8,003,885	5,699,636
		41,317,360	20,423,506

29. SHORT-TERM DEPOSITS

	Note	2018	2017
Service connection deposits	29.1	5,552,387	3,656,362
Suppliers' security deposits		65,556	66,718
Earnest / Retention money	29.2	5,559,144	1,901,483
		11,177,087	5,624,563

29.1 These include non-interest bearing amounts deposited by the consumers in respect of service connections, extension of mains and street lights. The same are refundable if related work is not completed by the Company. Upon completion of work, these deposits are transferred to deferred revenue (note 24).

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

30. PROVISION

	2018	2017
	(Rupees in '000)	
Balance at beginning of the year	46,450	9,978
Provision recognized during the year	-	36,472
Balance at end of the year	46,450	46,450

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

31. CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

31.1.1 Mark-up on overdue balances with National Transmission and Dispatch Company (NTDC) / Central Power Purchasing Agency (Guarantee) limited (CPPA), major government owned power supplier, has not been accrued in these financial statements. With effect from June 2015, the CPPA has assumed the central power purchase division of NTDC along with the related assets, rights and liabilities of NTDC, including alleged receivables from the Company. The Company is of the view that in accordance with the mechanism defined in the Power Purchase Agreement (PPA) dated January 26, 2010 with NTDC, NTDC's dues are to be settled by the MOF through payment of the Company's tariff differential claims directly to NTDC. Up to June 30, 2018 MOF has released the Company's tariff differential claims aggregating Rs. 379,299 million directly to NTDC / CPPA. Additionally, the Company has directly paid Rs. 39,705 million up to June 30, 2018 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. Accordingly, to date NTDC / CPPA continues to raise invoices in line with the terms of PPA. Discussions with NTDC / CPPA are underway for the renewal of PPA.

During the year ended June 30, 2018, NTDC / CPPA filed a suit on June 22, 2018, in the Civil Court of Islamabad for recovery of Rs. 83,990 million up to May 2018, comprising of principal amounting to Rs. 66,347 million and mark-up thereon amounting to Rs. 17,643 million, the decision of which is pending to date. Within the alleged claims filed by NTDC / CPPA in the aforementioned suit, release of tariff differential claims amounting to Rs. 15,021 million was unilaterally adjusted by NTDC / CPPA against the disputed mark-up claim. This was subsequently corrected by NTDC / CPPA and adjusted against the principal balance (resulting in decrease in principal amount with corresponding increase in mark-up), as confirmed from invoices and correspondence received afterwards. NTDC / CPPA's claim for mark-up on outstanding amount is on the premise that while the outstanding amounts were to be adjusted against tariff differential claims, the Company is eventually responsible for payments of all outstanding amounts, including mark-up. However, the Company has not acknowledged the disputed mark-up claimed by NTDC / CPPA as debt, as the Company is of the view that the disputed mark-up claims would not have arisen in case tariff differential claims payments, including payments related to claims of unrecovered cost due to 4% capping and gas load management plan were released to NTDC / CPPA by the MOF on behalf of the Company on timely basis.

In addition to above, the mark-up claimed by Sui Southern Gas Company Limited (SSGC) through its monthly invoices from July 2010 to June 2018 aggregates to Rs. 62,665 million, which has not been accrued by the Company. In view of the Company, the unilateral reduction of gas by SSGC in year 2009-10, in violation of the Economic Coordination Committee (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 below, significantly affected the Company's liquidity and hence the mark-up claim is not tenable.

In the year 2013, SSGC filed a suit on November 30, 2012, in the High Court of Sindh for recovery of unpaid gas consumption charges and interest thereon and the damages amounting to Rs. 45,705 million and Rs. 10,000 million, respectively. The Company also filed a suit on January 30, 2013, against SSGC in the High Court of Sindh for recovery of damages / losses of Rs. 59,600 million resulting from SSGC's failure to comply with its legal obligation to supply the allocated and committed quantity of 276 MMCFD of natural gas to the Company. Both these suits are pending adjudication to date.

Further, the Company entered into a payment plan with SSGC in the year 2014 and subsequently renewed the plan in years 2015 and 2016, which provided for a mechanism for payment of principal arrears by the Company on supply of adequate gas by SSGC. The dispute of mark-up claim has also been mentioned in the payment plan. The Company's management is of the view that the principal payments made by the Company to SSGC have been unilaterally adjusted by SSGC against SSGC's disputed mark-up claim, which is in violation of the payment plan which clearly mentions that the payments are to be adjusted against outstanding principal balances and hence any adjustment against the mark-up by SSGC in the Company's view is not tenable.

The Company's management believes that overdue amounts have only arisen due to circular debt situation caused by delayed settlement of tariff differential claims by the MOF as well as delayed settlement of the Company's energy dues by certain public sector consumers (e.g KW&SB), the dues of which have been guaranteed by the GOP under the Implementation Agreement dated November 14, 2005 and amended through the Amended Agreement dated April 13, 2009 ("IA") and Government of Sindh departments and entities (GOS Entities). Given that NTDC / CPPA and SSGC are majorly owned and controlled by the GOP and considering that tariff differential claims and energy dues of KW&SB (guaranteed by the GOP under the Implementation Agreement) are the Company's receivables from the GOP and energy dues of GOS Entities are also receivable from GOS, the Company's management is of the view that the settlement of these outstanding balances will be made on a net basis. Further, this contention of the Company's management is also supported by the legal advices that it has obtained. Hence, mark-up / financial charges will be payable by the Company only when it will reciprocally receive mark-up on outstanding balances receivable from the Company's outstanding tariff differential claims and energy dues of public sector consumers. Without prejudice to the aforementioned position of the Company and solely on the basis of abundant caution, a provision amounting to Rs. 5,269 million is being maintained by the Company in these financial statements on account of mark-up on delayed payment.

31.1.2 The Multi Year Tariff (MYT) applicable to the Company, for the previous tariff control period from 2009 to 2016, outlines a clawback mechanism whereby the Company is required to share a portion of its profits with consumers when such profits exceed the stipulated thresholds. NEPRA vide its determination orders dated October 17, 2014, June 10, 2015, July 24, 2018 and November 1, 2018 has determined clawback amount of Rs. 43,601 million for the financial years 2012 to 2016.

The Company is not in agreement with the interpretation and calculation of clawback mechanism performed by NEPRA, and accordingly has filed suits in the High Court of Sindh, praying that while finalizing the clawback determination in respect of the financial years 2012 to 2016, NEPRA has mis-applied the clawback formula as prescribed in the MYT determination dated December 23, 2009. Amongst others, NEPRA has unlawfully included 'accumulated losses' as part of reserve, not taken into account 'surplus on revaluation of property, plant and equipment' and calculated the clawback on notional Earnings Before Interest and Tax (EBIT) instead of EBIT based on audited financial statements. On June 19, 2015, in respect of suit for financial years 2012 and 2013, the High Court of Sindh (Single Bench) passed an order suspending the earlier relief granted to the Company against implementation of NEPRA's order dated October 17, 2014, which was duly contested by the Company through an appeal before the High Court of Sindh (Divisional Bench), the adjudication of which is pending to date. However, the decision dated June 19, 2015 has been suspended and interim relief against implementation of NEPRA's order dated October 17, 2014 continues. Further, in other suits filed in respect of financial years 2014 to 2016, the interim relief provided to the Company against NEPRA's order for each year continues in the field.

Considering the above proceedings and the expert opinion obtained by the Company, the Company's management considers that the Company has a good case and expects favorable outcome of the suits pending before the High Court of Sindh. Without prejudice to the Company's aforementioned legal position and on the basis of abundant caution, a provision amounting to Rs. 25,232 million is being maintained by the Company in these financial statements, in this respect.

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

The Company filed a review application to NEPRA against the aforementioned order and challenged the order on various grounds including that the direction issued by NEPRA is ultra vires and also that NEPRA has ignored certain provisions of its own rules and regulations which allows the Company to charge meter rent from its consumers. The review application filed by the Company with NEPRA was dismissed in April 2015. Thereafter, the Company filed a constitutional petition before the High Court of Sindh, which is pending to date. Meanwhile, a stay has been granted to the Company against any coercive action by NEPRA. The Company's management in accordance with the advice of its legal advisor expects a favorable outcome of the above-mentioned constitutional petition. However, on the basis of prudence and as an abundant caution the Company carries a provision of Rs. 326 million in these financial statements on account of meter rent charged from January 22, 2015 up to June 30, 2016. Further, NEPRA has excluded meter rent from "Other Income" component of tariff in the MYT Decision effective from July 1, 2016, accordingly there is no dispute between the Company and NEPRA on the matter of meter rent for the period July 1, 2016 and onwards.

31.1.4 On January 25, 2018, NEPRA issued a decision against the purchase of electric power of 650 MW from NTDC without the execution of Power Purchase Agreement (PPA) in this respect and imposed a fine of

The Company filed a review application to NEPRA against the aforementioned decision, which was dismissed in July 2018. Thereafter, the Company filed a constitutional petition before the High Court of Sindh which is pending to date. Meanwhile, a stay through order dated September 12, 2018 has been granted to the Company against any coercive action by NEPRA. The supply of electricity of 650 MW continues in line with the High Court of Sindh's order dated February 6, 2014. Accordingly, to date NTDC/CPPA continues to raise invoices in line with the terms of expired PPA. Discussions with NTDC/CPPA are underway for the renewal of PPA. Based on the merits of the case the Company expects a favorable outcome of the above-mentioned constitutional petition filed in the High Court of Sindh.

31.1.5 NEPRA through its order dated March 13, 2015 directed the Company not to collect bank charges as a separate revenue from its consumers through monthly billings, as these bank charges were already included in the MYT 2009–16 as part of operations and main tenance cost. NEPRA further directed the Company to refund the amount collected as bank charges to its consumers. The Company refuted NEPRA's aforementioned order and filed a review petition which was rejected by NEPRA through its review decision dated October 27, 2015. Thereafter, the Company filed a suit on November 10, 2015, before the High Court of Sindh which is pending to date. Meanwhile, through an interim order dated November 17, 2015 by the High Court of Sindh, NEPRA has been restrained from taking any coercive action against the Company in this regard.

The Company, is of the view that such charges were being collected from the customers as per the directives of the State Bank of Pakistan and as per NEPRA's approval dated July 21, 2010 issued in this regard and these were never made part of MYT 2009–16. Therefore, in accordance with the advices obtained from its legal advisors, the Company is confident of a favorable outcome on this matter, and accordingly, no provision has been recognised in this respect. Further, NEPRA has separately included bank charges in the operations and maintenance component of tariff in the MYT Decision effective from July 1, 2016, accordingly there is no dispute between the Company and NEPRA on the matter of bank charges for the period July 1, 2016 onwards.

31.1.6 The Supreme Court of Pakistan, in its judgment dated August 22, 2014, in a civil appeal, declared that the levy of GIDC under Gas Infrastructure Development Cess Act, 2011 was unconstitutional and all amounts collected by the gas companies were due to be refunded back to the consumers. The Federal Government on September 24, 2014, promulgated Gas Infrastructure Development Cess (GIDC) Ordinance, 2014. Under that Ordinance, the Federal Government again levied GIDC chargeable on gas consumers (both power sector and industrial sector) other than domestic consumers and also fixed the responsibility of charging and collection of GIDC on gas companies. This GIDC Ordinance retrospectively validated the cess collected / levied or paid under the previous Gas Infrastructure Development Cess Act, 2011 which had been held illegal by the Supreme Court of Pakistan.

In October 2014, SSGC in its monthly bills issued to the Company, claimed GIDC amounting to Rs. 1,925 million, excluding GST, for the period from July to September 2014. The Company filed a fresh legal suit before the High Court of Sindh. The High Court of Sindh through its order dated October 21, 2014, granted stay and restrained the Federal Government and SSGC from raising any demand which continues till date. The GIDC Ordinance lapsed on January 24, 2015, and therefore all amounts previously paid by the Company to SSGC amounting to Rs. 4,672 million in respect of GIDC became immediately due and recoverable from SSGC.

On May 23, 2015, the GOP after approval from the parliament, promulgated GIDC Act 2015 again levying cess on gas consumers and made the gas companies responsible to collect the cess. The Company again filed a suit in the High Court of Sindh challenging the GIDC Act 2015 and through its counsel maintains that certain grounds were not taken into consideration while promulgating GIDC Act 2015. The High Court of Sindh while granting stay issued notices to the respondents and restrained SSGC from raising any demand under the GIDC Act 2015.

Single bench of 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 is liable to be refunded / adjusted in the future bills.

Subsequently, GOP filed an appeal before the divisional bench of 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 High Court of Sindh on November 10, 2016. In the eventual outcome, the amount payable by the Company, if any, on account of GIDC will be ultimately recovered through tariff mechanism.

31.1.7 As part of MYT decision, NEPRA through its order dated July 5, 2018, directed the Company to pay interest on security deposit collected from consumers. However, the Company, disagrees with the direction of NEPRA, being without any lawful justification and discriminatory as no other power utility in Pakistan is required to pay interest on security deposit. Accordingly, the Company filed a constitutional petition in the High Court of Sindh on May 30, 2019. The High Court of Sindh through its order dated May 30, 2019 has restrained NEPRA from taking any coercive action against the Company. Based on the advice of the legal advisor, the Company's management expects a favorable outcome of the above mentioned constitutional petition. However, on the basis of prudence and as an abundant caution, a provision amounting to Rs. 631 million has been recognized in this respect.

31.1.8 Tax related matters are disclosed in notes 41.1 and 41.2

31.2 Claims not acknowledged as debts

31.2.1 A claim amounting to Rs. 73 million, was lodged by Pakistan Steel Mills Corporation (PASMIC) in respect of right of way charges for transmission line passing through the premises of PASMIC. The said claim has been calculated on the basis of the minutes of the meeting held on July 19, 1994, wherein, the key terms were subject to approval of the Company and PASMIC, which was not duly approved.

The Company vide its letter dated June 27, 2007 refuted the aforementioned claim of PASMIC's on the grounds that as per section 12 and section 51 of the Electricity Act, 1910, any licensee is permitted to lay down or place electric supply lines with the permission of local authority or the occupier of that land, subject to conferment of powers under Part III, of the Telegraph Act, 1885. Moreover, public utility is also barred from payment of annual rentals to any authority under the Electricity Act, 1910 and that the claim is time barred. Further, the Company was issued license from provincial government and all concessions and the permissions for such exemptions are provided in the license. Based on the above mentioned facts, the Company is not liable to pay any amount, whatsoever, in this regard and therefore has not acknowledge the aforementioned claim as debt.

		Note	2018	2017
			(Rupees in '000)	
31.2.2	Fatal accident cases	31.2.5	77,773	92,773
31.2.3	Architect's fee in respect of the Head Office project	31.2.5	50,868	50,868
31.2.4	Outstanding dues of property tax, water charges, custom duty, ground rent and occupancy value	31.2.5	8,587,443	7,365,004

31.2.5 The Company is party to number of cases in respect of fatal injuries, billing disputes, property tax, water charges, custom duty, occupancy charges, ground rent, rent of electric poles and cable and employee related cases. Based on the opinion of Company's lawyers, the management is confident that the outcome of the cases will be in favour of the Company. Accordingly, no provision has been made in respect of those cases / claims in these financial statements.

31.3 Commitments

		2018	2017
		(Rupees in '000)	
31.3.1	Guarantees from banks	50,444	25,425

31.3.2 DPKPG project

The Company entered into the Shareholders' Agreement dated May 20, 2016, for the development of a 700MW (2 x 350 MW) coal-based power plant (the Project) at Port Qasim, Karachi under an IPP structure. In this respect a project company i.e. Datang Pakistan Karachi Power Generation (Private) Limited (DPKPG) has been incorporated on May 26, 2016. The sponsors of the Project includes China, Datang Overseas Investment Company Limited (CDTO) having 51% shareholding, China Machinery Engineering Corporation (CMEC) having 25% shareholding and the Company having 24% shareholding in DPKPG. The principal operations of DPKPG will be to carry out the business of power generation and sell electricity to the Company under a Power Purchase Agreement (PPA).

Subsequent to the year end on March 20, 2019, the Company entered into an MoU with CDTO and CMEC wherein CDTO has agreed to sell its entire shareholding in DPKPG to the Company as per the terms of the Share Purchase Agreement to be entered into by CDTO and the Company. Upon completion of the transaction, the Company's shareholding in DPKPG will increase to 75% from 24%.

	2018	2017
	(Rupees in '000)	
31.3.3 Transmission projects	1,415,839	1,084,564
31.3.4 Transmission Project (TP-1000)	18,198,316	37,359,875
31.3.5 Outstanding letters of credit	3,312,248	5,509,053
31.3.6 Generation projects - KGTPS-II & SGTPS-II steam turbines	-	476,237
31.3.7 Dividend on preference shares	1,119,453	1,119,453

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

31.3.8 Commitments for rentals under operating lease agreements in respects of vehicles are as follows:

	2018	2017
	(Rupees in '000)	
- Not later than one year	193,708	142,517
- Later than one year but not later than five years	774,834	570,069

These commitments are under Ijarah facilities obtained from a Islamic bank having a tenure of 3 to 5 years. These are secured against promissory notes.

31.3.9 Commitments for rentals under operating lease agreements in respects of power purchase agreement with SNPC I and II are as follows:

	2018	2017
	(Rupees in '000)	
- Not later than one year	2,633,457	-
- Later than one year but not later than five years	12,582,690	-
- Later than five years	58,475,017	-

32. SALE OF ENERGY – NET	Note	2018	2017
		(Rupees in '000)	
Gross sales		228,708,792	210,147,715
Sales tax		(33,575,559)	(31,381,037)
Other taxes		(10,977,676)	(10,197,465)
Net sales	32.1	184,155,557	168,569,213

32.1 NET SALES

Residential	32.1.1	85,776,137	80,357,970
Commercial	32.1.1	38,805,912	36,840,798
Industrial	32.1.1	48,640,899	46,502,014
Karachi Nuclear Power Plant (KANUPP)	32.1.1	246,768	141,871
Fuel surcharge adjustment	32.1.2	7,443,750	971,174
Others	32.1.1 & 32.1.3	3,242,091	3,755,386
		184,155,557	168,569,213

32.1.1 The above includes net cycle day impact amounting to Rs. 394 million (2017: Rs. 1,508 million).

32.1.2 This represents monthly fuel surcharge adjustment as per mechanism provided in MYT decision . The said amount has been / will be charged to the consumers subsequently as per notification by the Ministry of Energy (Power Division).

32.1.3 This includes Rs. 2,350 million (2017: Rs. 2,809 million) in respect of supply of energy through street lights.

33. TARIFF ADJUSTMENT	Note	2018	2017
		(Rupees in '000)	
Tariff adjustment	33.1 & 33.2	32,970,950	15,285,893

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

33.2 Includes Rs. 3,371 million comprising dues of 60,228 customers (2017: Rs 6,195 million comprising dues of 79,260 customers) recognized during the year against actual write-off of bad debts, as allowed by NEPRA under the MYT decision for the period from July 1, 2016 to June 30, 2023, through the decision dated July 5, 2018. The write-off amount has been claimed by the Company on July 19, 2019 on a provisional basis as part of quarterly tariff adjustment for the fourth quarter ended June 30, 2018 aggregating to Rs. 4,545 million (fourth quarter ended June 30, 2017: Rs. 7,104 million). Further, in connection with claims for the year ended June 30, 2017 final claims amounting to Rs. 6,195 million have been submitted to NEPRA on July 19, 2019, the determination of which is yet to be finalised by NEPRA.

As required under the aforementioned NEPRA decision of July 5, 2018, for the purpose of claim of tariff adjustment in respect of actual write-off of bad debts, the Company ensured the following required procedures:

- The defaulter connection against which the bad debts have been written off were disconnected prior to June 30, 2018 and the customers were inactive in the Company's system i.e. SAP prior to June 30, 2018.

- The aforementioned amount of write-off of bad debts has been approved by the Company's Board of Directors certifying that the Company has made all best possible efforts to recover the amount being written-off in accordance with the "Policy and Procedures for Write-off of Bad Debts".

- The actual write-off of bad debts has been determined in accordance with the terms of write-off detailed in the "Policy and Procedures for Write-off of Bad Debts", as approved by the Board of Directors of the Company.

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

In case any amount written-off, as included in the aforementioned claim, is subsequently recovered from the customer, the recovered amount shall be adjusted in next year's tariff, as required under the aforementioned NEPRA decision of July 5, 2018.

In respect of all the defaulter connections, against which the aforementioned write-off amount has been claimed by the Company as tariff adjustment for the years ended June 30, 2018 and June 30, 2017, the Company in addition to the defaulter customer identification and traceability procedures mentioned in the "Policy and Procedures for Write-off of Bad Debts" has carried out physical surveys for establishing the fact that the defaulter connection is physically disconnected and the defaulter customer who utilised the electricity is untraceable or recovery in the present circumstances is not possible.

There are number of locations / premises which were removed as a result of anti-encroachment drives by the government authorities, whereas, in a number of other cases the premises to which electricity was supplied is no more traceable due to change in either the mapping of the area (including unleased area), demolition of the original premises, structural changes (including division of single premises into many) to the original premises and discontinuation / demolition of single bulk PMT connection. In all of these cases due to the specific situation the connection and / or premises are no more traceable. In addition, there are certain defaulter customers; who were not able to pay off their outstanding dues, in various forms including outstanding amounts on hook connection at the time of transfer of defaulter customers to metered connections and other settlements. Accordingly, the same has been claimed as part of write-off for the years ended June 30, 2018 and June 30, 2017. The corresponding amount has been claimed in the tariff adjustment after verifying underlying facts.

	2018	2017
	(Rupees in '000)	

34. PURCHASE OF ELECTRICITY

Central Power Purchasing Agency (Guarantee) limited (CPPA) / NTDC	45,657,733	40,038,820
Independent Power Producers (IPPs)	28,997,322	18,503,195
Karachi Nuclear Power Plant (KANUPP)	2,799,728	3,123,222
	77,454,783	61,665,237

35. CONSUMPTION OF FUEL AND OIL

Natural / RLNG gas	25,569,312	29,451,834
Furnace and other fuel / oil	46,300,714	32,014,749
	71,870,026	61,466,583

36. EXPENSES INCURRED IN GENERATION, TRANSMISSION AND DISTRIBUTION

	Note	Generation expenses	Transmission and distribution expenses	2018	2017
		(Rupees in '000)			
Salaries, wages and other benefits	36.1 & 36.2	1,710,765	2,327,770	4,038,535	4,126,355
Stores and spares		974,884	459,706	1,434,590	1,489,339
Office supplies		123,674	83,346	207,020	95,400
NEPRA license fee		30,196	41,959	72,155	65,682
Repairs and maintenance		10,678	223,913	234,591	257,753
Transport expense		53,800	116,278	170,078	124,979
Rent, rates and taxes		272,978	137,148	410,126	272,299
Depreciation	5.1.7	9,060,234	3,970,792	13,031,026	11,421,686
Ammortization	6.2	1,447	7,079	8,526	3,762
Interdepartmental consumption		16,762	267,914	284,676	277,588
Provision against slow moving and obsolete stores, spare parts and loose tools	9.1	19,579	13,912	33,491	(236,300)
Third party services		1,055,662	1,348,502	2,404,164	2,805,513
Others		425,710	131,147	556,857	497,857
		13,756,369	9,129,466	22,885,835	21,201,913

36.1 This includes Rs. 257 million (2017: Rs. 222 million) in respect of defined benefit plans, Rs. 128 million (2017: Rs. 120 million) in respect of defined contribution plan and Rs. 2 million (2017: Rs. 23 million) in respect of other long term employee benefits.

36.2 Free electricity benefit to employees amounting to Rs. 81 million (2017: Rs. 80 million) has been included in salaries, wages and other benefits.

37. CONSUMERS SERVICES AND ADMINISTRATIVE EXPENSES

	Note	Consumer Services and Billing Expenses	Administrative and General Expenses	2018	2017
		(Rupees in '000)			
Salaries, wages and other benefits	37.1 & 37.2	6,143,132	2,697,432	8,840,564	8,729,071
Bank collection charges		199,367	17,994	217,361	185,926
Transport cost		305,887	87,151	393,038	284,799
Depreciation	5.1.7	2,131,480	189,353	2,320,833	2,011,424
Amortization	6.2	18,067	88,049	106,116	60,381
Repairs and maintenance		105,104	115,854	220,958	142,526
Rent, rates and taxes		67,196	46,407	113,603	103,786
Public relations and publicity		64,379	138,421	202,800	214,085
Legal expenses		35,397	108,485	143,882	148,676
Professional charges	37.3	8,518	101,836	110,354	206,589
Auditors' remuneration	37.4	-	111,000	111,000	111,000
Directors' fee		-	5,100	5,100	-
Provision against debts considered doubtful	10.3	16,300,201	-	16,300,201	18,140,501
Office supplies		213,285	203,799	417,084	320,974
Interdepartmental consumption		126,427	46,761	173,188	162,958
Third party services		3,014,316	624,688	3,639,004	3,272,012
Provision against slow moving and obsolete stores, spare parts and loose tools	9.1	2,638	162	2,800	(27,607)
Others		620,472	369,757	990,229	995,296
		29,355,866	4,952,249	34,308,115	35,062,397

37.1 This includes Rs. 508 million (2017: Rs. 465 million) in respect of defined benefit plans, Rs. 278 million (2017: Rs. 253 million) in respect of defined contribution plan and Rs. 6 million (2017: Rs. 47 million) in respect of other long term employee benefits.

37.2 Free electricity benefit to employees, amounting to Rs. 164 million (2017: Rs. 158 million) has been included in salaries, wages and other benefits.

37.3 This includes fee of Rs. 7.1 million charged by M/s A.F. Ferguson & Co., essentially in connection with the assistance provided to the Company on various matters relating to taxation services. These services were provided by M/s A.F. Ferguson & Co., prior to the appointment as statutory auditors of the Company.

37.4 Auditors' remuneration

	Note	2018		2017	
		A. F. Ferguson & Co.	BDO Ebrahim & Co.	A. F. Ferguson & Co.	BDO Ebrahim & Co.
		(Rupees in '000)		(Rupees in '000)	
Fee for statutory audit, half yearly review and review of compliance with the Code of Corporate Governance		5,000	5,000	5,000	5,000
Out of pocket expenses		500	500	500	500
Fees for additional cost incurred	37.4.1	70,000	30,000	70,000	30,000
		75,500	35,500	75,500	35,500

37.4.1 This represents additional fee charged for providing permitted services essentially in connection with write-off of bad debts verified by the auditors, as required under MYT 2017-23, as more fully explained in note 33.2 of the financial statements.

38. OTHER OPERATING EXPENSES

	Note	2018	2017
		(Rupees in '000)	
Exchange loss - net		674,953	51,050
Workers' profits participation fund	26.6	722,066	458,512
Interest on consumer deposits	31.1.7	348,715	282,200
Donations	38.1	68,149	86,179
Listing fee		2,685	1,713
Others		305,854	657,396
		2,122,422	1,537,050

38.1 Donations to following parties exceed Rs. 500,000:

	2018	2017
Patients' Aid Foundation (PAF) (JPMC)	23,538	1,500
The Kidney Center	6,006	8,463
Lady Dufferin Hospital	5,906	8,400
Sindh Institute of Urology & Transplantation (SIUT)	4,578	6,440
The Indus Hospital	3,272	16,232
The Citizens Foundation	3,030	5,707
The Layton Rahmatullah Benevolent Trust (LRBT)	2,997	6,224
Karwan-E-Hayat Hospital	2,179	2,056
Marie Adelaide Leprosy Centre (MALC)	1,563	3,960
SoS Children's Villages Of Sindh	1,263	1,744
Pride Of Karachi - Consumers	1,230	1,015
Bait-Ul-Sukun Cancer Hospital	1,015	2,608
Family Education Services Foundation	907	1,481
Sina Health Education & Welfare Trust	805	1,164

	Note	2018	2017
		(Rupees in '000)	
Employee Support Fund		625	-
Kashif Iqbal Thalassemia Care Centre		532	-
The Aga Khan University Hospital		500	-
Behbud Association Karachi		-	688
DHL Global Forwarding Pakistan		-	1,059
Injaz Pakistan		-	5,220
Professional Education Foundation		-	600
World Wide Fund For Nature		-	500
		59,946	75,061

39. OTHER INCOME

	Note	2018	2017
Income from financial assets			
Return on bank deposits	39.1	132,057	229,344
Late payment surcharge	39.2	2,317,811	2,479,073
		2,449,868	2,708,417
Income from non-financial assets			
Liquidated damages recovered from suppliers and contractors		104,780	265,050
Scrap sales		240,043	277,336
Amortization of deferred revenue	24	1,686,016	1,531,800
Service connection charges		1,286,680	2,081,816
Collection charges - TV license fee		113,074	101,434
Gain on disposal of property, plant and equipment		535,017	1,323,956
Gain on sale of assets classified as held for sale		-	169,652
Others		2,054,736	939,317
		6,020,346	6,690,361
		8,470,214	9,398,778

39.1 Includes Rs. 0.141 million (2017: Rs. 6 million) being return on bank deposits that are Shariah Compliant mode.

39.2 In accordance with the Company's policy, Late Payment Surcharge (LPS) receivable on delayed payment of electricity bills from various Government / Government controlled entities (Public Sector consumers, "PSCs") amounting to Rs. 6,515 million up to June 30, 2018 (2017: Rs. 7,550 million) has not been recorded in these financial statements and will be accounted for on receipt basis. It is the Company's management contention that the calculation of LPS on PSCs should be made on the same basis as the accrued interest on delayed payments on account of circular debt situation. If similar basis is adopted, the LPS income amount would substantially increase.

40. FINANCE COST

	Note	2018	2017
		(Rupees in '000)	
Mark-up / interest on:			
- Long-term financing	40.1	2,230,514	1,855,012
- Short-term borrowings	40.2	719,362	1,198,071
		2,949,876	3,053,083
Late payment surcharge on delayed payment to creditors		2,354	2,564
Bank charges, guarantee commission, commitment fee and other service charges		209,584	356,779
Letter of credit discounting charges		74,478	196,552
		3,236,292	3,608,978

40.1 Includes Rs.1,461 million (2017: Rs. 1,691 million) being mark-up on long-term financing that are under Shariah Compliant mode.

40.2 Includes Rs. 135 million (2017: Rs. 555 million) being mark-up on short-term financing that are under Shariah Compliant mode.

41. TAXATION

	Note	2018 (Rupees in '000)	2017 (Rupees in '000)
Current tax charge		(1,477,142)	(4,087)
Deferred tax credit	25.1	69,724	1,711,644
		(1,407,418)	1,707,557

41.1 The Taxation Officer has amended the assessment orders under section 122 (5A) of the Income Tax Ordinance, 2001 in respect of tax years 2010 and 2011; resulting in minimum tax liability of Rs. 543 million and Rs. 1,408 million for the tax years 2010 and 2011, respectively. The Taxation Officer considered the total tax depreciation allowance instead of accounting depreciation related to cost of sales of the Company for the purpose of assessment of minimum tax liability as per proviso to section 113(1) of the Income Tax Ordinance 2001 and added tariff adjustment (i.e. subsidy) to be part of turnover for the purpose of computing the minimum tax liability. The appeal filed by the Company against the aforementioned assessment orders, was rejected by the Commissioner Inland Revenue (Appeals) –CIR(A). Subsequently, the Company filed appeals there against before the Appellate Tribunal Inland Revenue (ATIR) which have been decided in favour of the Company. The tax department has filed appeals against the decision of ATIR before the High Court of Sindh, the decision of which is pending to date.

Further on similar matter, the Officer Inland Revenue had amended the assessment orders for tax years 2004 to 2008, raising tax demand aggregating to Rs. 399 million under section 113 of the ITO, 2001 by considering the Tarif Adjustment Subsidy and other income as part of turnover for the purpose of computation of minimum tax. The issues are pending at various appellate forums.

The Company's management based on advice of its tax consultants expects a favourable outcome of these appeals and therefore, no provision in this respect has been made.

41.2 During the year the Officer of Inland Revenue imposed default surcharge for the Tax Year 2012 to 2015 aggregating to Rs 83.179 million for not withholding tax on certain payments against goods/services. The Company has filed appeals against these orders before the Commissioner Inland Revenue (Appeals) which is pending to date. The Company's management based on advice of its tax consultants expects a favourable outcome of these appeals and therefore, no provision in this respect has been made.

41.3 Relationship between tax income and accounting profit

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

	2018 (Rupees in '000)	2017 (Rupees in '000)
Profit before taxation	13,719,248	8,711,726
Tax at the applicable tax rate of 30% (2017: 31%)	(4,115,774)	(2,700,635)
Tax effect of exempt income	9,891,285	4,738,627
Effects of:		
- Super tax	-	(76,659)
- Minimum turnover tax	(2,347,001)	(1,731,301)
- Effect of change of tax rate	(3,153,634)	-
- Tax on undistributed reserves	(685,962)	(653,379)
- Tax credit, un-utilized tax losses and others	(996,332)	2,130,904
	(1,407,418)	1,707,557

41.4 The comparison of tax provisions as per the financial statements and tax assessments for the last three years is as follows:

Tax Year	Note	Provision made	Tax assessments
2015		-	-
2016	41.4.1	1,098,042	1,100,300
2017		4,087	4,087

The Company computes tax provisions based on the generally accepted interpretations of the tax laws applicable on the Company to ensure that appropriate provision for the purpose of taxation has been made. Accordingly, the management of the Company has assessed the sufficiency of the tax provisions and believes that the tax provisions are sufficient to reflect the actual tax liability of the Company.

41.4.1 This includes Rs. 610.09 million on account of one time Super Tax for tax year 2016, which has been levied through the Finance Act, 2016 and minimum turnover tax net of tax credit amounting to Rs. 487.952 million.

	2018	2017
	(Rupees in '000)	

42. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AND AMORTIZATION (EBITDA)

	2018	2017
Profit before finance cost	16,955,540	12,320,704
Depreciation and amortization	15,466,501	13,497,253
	32,422,041	25,817,957

43. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2018	2017
Earnings attributable to ordinary share holders	12,311,830	10,419,283
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	27,615,194,246	27,615,194,246
	(Rupees)	
Earnings per share - basic and diluted	0.45	0.38

44. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2018			2017		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives (Note 44.1)
	(Rupees in '000)					
Director fees (note 44.4)	-	5,100	-	-	-	-
Managerial remuneration	16,016	-	1,620,978	11,208	-	1,454,079
Bonus	22,350	-	258,613	21,600	-	333,246
Reimbursable expenses	204	-	18,209	149	-	14,104
Contribution to fund	1,321	-	100,788	1,014	-	84,422
House rent / accomodation	6,391	-	441,870	4,529	-	376,522
	46,282	5,100	2,440,458	38,500	-	2,262,373
Number of persons as at the reporting date	1	12	396	1	12	342

44.1 Comparative figures have been restated to reflect changes in the description / definition of executives as per the Companies Act, 2017.

44.2 The Executives and Chief Executive Officer (CEO) of the Company are provided with medical facilities. CEO is also provided with car facility and accommodation.

44.3 The Company also makes contributions for Executives and CEO to gratuity funds, based on actuarial calculations.

44.4 Non-executive directors are paid fees for attending the meetings of the Board of Directors and its committees, with no other remuneration.

44.5 Gratuity amounting to Rs. 20 million (2017: Rs. 19 million) was paid to outgoing executives.

	Note	2018	2017
		(Rupees in '000)	
45. CASH AND CASH EQUIVALENTS			
Cash and bank balances	15	1,132,674	2,077,916
Short-term running finances	28.3	(27,904,667)	(10,498,941)
		(26,771,993)	(8,421,025)
46. FINANCIAL INSTRUMENTS BY CATEGORY			
46.1 Financial assets measured at amortized cost			
Long-term loans		22,001	21,777
Long-term deposits		15,806	13,497
Trade debts		115,371,262	103,419,754
Loans and advances		59,871	60,538
Trade deposits		2,414,868	3,062,878
Other receivables		49,652,399	30,133,786
Cash and bank balances		1,132,674	2,077,916
		168,668,881	138,790,146
46.2 Financial assets measured at fair value			
Derivative financial assets	46.5	669,985	-
46.3 Financial liabilities measured at amortized cost			
Long-term diminishing musharaka		13,005,681	17,305,568
Long-term financing		11,896,987	2,841,364
Long-term deposits		9,718,749	8,600,108
Current maturity of long-term diminishing musharaka		4,400,000	4,400,000
Current maturity of long-term financing		2,184,620	4,433,753
Trade and other payables		126,034,741	105,525,485
Accrued mark-up		6,369,631	5,809,192
Short-term borrowings		41,317,360	20,423,506
Short-term deposits		11,177,087	5,624,563
		226,104,856	174,963,539
46.4 Financial liabilities measured at fair value			
Derivative financial liabilities	46.5	-	34,458

46.5 Derivative financial assets / liabilities have been classified into level 2 fair value measurement hierarchy and are calculated as the present value of estimated future cash flows based on observable yield.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk factors

The Company has exposure to the following risks arising from financial instruments:
- Market Risk
- Credit Risk
- Liquidity Risk

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

Risk management framework

The Board of Directors (BoD) has the overall responsibility for the establishment and oversight of the Company's risk management framework. The BoD has established a Board Finance Committee (the Committee), which is responsible for developing and monitoring the Company's risk management policies. The Committee regularly reports to the BoD on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limit and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board Audit Committee (BAC) oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Company. The BAC is assisted in its oversight role by the internal audit function. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the BAC.

The Company's principal financial liabilities other than derivatives, mainly comprise bank loans, overdrafts and trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade and other receivables, cash and bank balances, short-term deposits, etc. which arise directly from its operations.

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

The BOD reviews and agrees policies for managing each of these risks which are summarized below:

47.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market prices of instruments due to change in credit rating of the issuer or the instrument, changes in market sentiments, speculative activities, supply and demand of instruments and liquidity in the market. The Company manages the market risk by monitoring exposure on financial instruments and by following internal risk management policies.

Market risk comprise of three components - currency risk, interest rate risk and other price risk.

47.1.1 Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has foreign currency exposures in US Dollars, Euro and UK Pound in the form of bank balances (note 15), long-term financing (note 21), trade and other payables (note 26) and short-term borrowings (note 28). As at June 30, 2018, had the Company's functional currency strengthened / weakened by 5% against US Dollar, Euro and UK Pound, with all other variables held constant, profit after taxation for the year then ended would have been higher / lower by Rs. 2,661 million (2017: Rs. 3,075 million) mainly as a result of foreign exchange gains / losses.

47.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from long-term financing and short-term borrowing facilities for financing its generation, transmission and distribution projects and meeting working capital requirements at variable rates. The Company manages these mismatches through risk management policies where significant changes in gap position can be adjusted. The Company has hedged its interest rate risk on long-term financing through cross currency and interest rate swaps.

At the reporting date, the interest rate profile of Company's interest-bearing financial instruments was:

	2018	2017
	(Rupees in '000)	
Fixed rate instruments		
Financial assets		
Deposit account	286,684	51,378
Long-term loans	429	429
Deposits under lien against LC	987,344	1,328,539
	1,274,457	1,380,346
Financial liabilities		
Short-term borrowings	-	496,647
Variable rate instruments		
Financial liabilities		
Long-term diminishing musharaka	13,005,681	17,305,568
Long-term financing	11,896,987	2,841,364
Short-term borrowings	41,308,060	20,386,636
Current portion of long term diminishing musharaka	4,400,000	4,400,000
Current portion of long term financing	2,158,010	4,407,143
	72,768,738	49,340,711

Fair value sensitivity analysis

The Company does not account for fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

If KIBOR / LIBOR had been 1% higher / lower with all other variables held constant, the profit after tax for the year would have been lower / higher by Rs. 727 million (2017: Rs. 493 million).

47.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future value of investment securities. As at the reporting date, the Company is not exposed to equity price risk.

47.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's receivables from customers and balances held with banks. Out of the total financial assets as set out in note 46, those that are subject to credit risk aggregated Rs. 74,588 million as at June 30, 2018 (2017: Rs. 64,772 million). The analysis below summarises the credit quality of the Company's financial assets as at June 30, 2018.

- The Company's electricity is sold to industrial, commercial and residential consumers and government organisations. Due to large number and diversity of its consumer base, concentration of credit risk with respect to trade debts is limited. Further, the Company manages its credit risk by obtaining security deposits from the consumers. Further the Company considers the credit risk arising from receivables from public sector consumers to be minimal. Addtionally, other receivables primarily represents tariff adjustments due from GOP.

- Deposits include lien against settlement of letter of credits, loans and sukuk repayments with commercial banks which have a credit rating of A1.

- The credit quality of the banks with which the Company held balances as at June 30, 2018 is represented by the related credit ratings assigned by the external agencies. The material balances are held with the banks having credit ratings of atleast 'A1' which is defined as "Obligations supported by a strong capacity for timely repayment."

Concentration of credit risk exists when changes in economic and industry factors similarly affect the group of counter parties whose aggregated credit exposure is significant in relation to the Company's total credit exposure. The Company's financial assets are broadly diversified and transactions are entered into with diverse credit worthy parties thereby mitigating any significant concentration risk. Therefore, the Company believes that it is not exposed to major concentration of credit risk.

47.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of

	2018					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to Five years	More than five years
	(Rupees in ‘000)					
Financial liabilities						
Long-term financing	14,081,607	(16,170,374)	(1,120,156)	(1,586,543)	(10,625,344)	(2,838,331)
Long-term diminishing musharaka	17,405,681	(20,562,080)	(2,875,180)	(2,788,060)	(14,898,840)	-
Long-term deposits	9,718,749	(9,719,245)	-	-	-	(9,719,245)
Trade and other payables	134,886,855	(134,886,855)	(109,655,103)	-	(25,231,752)	-
Accrued mark-up	6,369,631	(6,369,631)	(6,369,631)	-	-	-
Short-term borrowings	41,317,360	(42,155,704)	(34,797,007)	(7,358,697)	-	-
Short-term deposits	11,177,087	(11,177,087)	(11,177,087)	-	-	-
	234,956,970	(241,040,976)	(165,994,164)	(11,733,300)	(50,755,936)	(12,557,576)

	2017					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to Five years	More than five years
	(Rupees in '000)					
Non-derivative						
Financial liabilities						
Long-term financing	7,275,117	(8,064,615)	(4,304,184)	(905,057)	(2,855,374)	-
Long-term diminishing musharaka	21,705,568	(26,106,798)	(2,968,525)	(2,885,127)	(20,253,146)	
Long-term deposits	8,600,108	(8,602,113)	-	-	-	(8,602,113)
Trade and other payables	112,280,839	(112,280,839)	(87,049,087)	-	(25,231,752)	-
Accrued mark-up	5,809,192	(5,809,192)	(5,809,192)	-	-	-
Short-term borrowings	20,423,506	(23,393,560)	(23,393,560)	-	-	-
Short-term deposits	5,624,563	(5,624,563)	(5,624,563)	-	-	-
	181,718,893	(189,970,051)	(129,237,482)	(3,790,184)	(48,340,272)	(8,602,113)

47.4 Reconciliation of movement of liabilities to cashflows arising from financing activities is as follows:

	Short-term borrowings used for cash management purpose	Other short-term borrowings including related accrued markup	Long-term borrowings including related accrued markup	Long-term diminishing musharaka including related accrued markup	Security deposit including related accrued markup	Total
	(Rupees in '000)					
Balance as at July 1, 2017	10,498,941	10,061,363	7,320,797	21,765,902	8,882,308	58,529,311
Changes from financing cash flows						
Repayment of loan	-	3,488,128	(4,419,210)	(4,400,000)	-	(5,331,082)
Proceeds from long-term loan	-	-	10,252,280	-	-	10,252,280
Receipts of security deposit	-	-	-	-	1,123,615	1,123,615
Disbursement of security deposit	-	-	-	-	(4,974)	(4,974)
Total changes from financing activities	-	3,488,128	5,833,070	(4,400,000)	1,118,641	6,039,839
Other changes - interest cost						
Interest expense	-	719,362	769,742	1,460,772	348,715	3,298,591
Interest paid	-	(535,798)	(734,511)	(1,467,843)	-	(2,738,152)
Exchange loss	-	-	973,420	-	-	973,420
Amortization of transaction cost	-	-	-	100,113	-	100,113
Changes in running finance	17,405,726	-	-	-	-	17,405,726
Total loan related other changes	17,405,726	183,564	1,008,651	93,042	348,715	19,039,698
Balance as at June 30, 2018	27,904,667	13,733,055	14,162,518	17,458,944	10,349,664	83,608,848

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at June 30, 2018 and includes both principal and interest payable thereon. The rates of mark-up have been disclosed in notes 20, 21 and 28 to these financial statements.

47.5 Hedging activities and derivatives

The Company uses foreign currency denominated borrowings to manage some of its transactions exposures. These include cross currency swaps which are designated as cash flow hedge and qualify for hedge accounting (note 4.8).

Cash flow hedges

During the year, the Company had held cross currency swaps with commercial banks, designated as cash flow hedges of expected future principal repayments of loan from foreign lenders. The cross currency swaps were being used to hedge the currency risk and interest rate risk in respect of long- term financing as stated in notes 21.3 and 21.4 to these financial statements.

The critical terms of the cross currency swap contracts have been negotiated to match the terms of the aforementioned financial liability (note 14).

48. CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain future development of the business and maximize shareholders value. No changes were made in the objectives, policies or processes during the year ended June 30, 2018.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. Investment and financing decisions are made after taking into account the tariff structure under MYT 2017-2023, the Company's financial position and level of accumulated losses and requirements of lenders. This necessitated injection of new equity as well as re-investment of profits to strengthen the Company's financial position to comply with requirements of lenders as well as to fund new projects. Details of adjusted invested equity as at the reporting date are given in note 17.9.

The Company monitors capital using debt to equity ratios. During the year, the Company's strategy was to maintain leveraged gearing. The long-term debt to equity ratio as at June 30, 2018 is as follows:

	Note	2018	(Restated) 2017
		(Rupees in '000)	
Long-term diminishing musharaka	20	13,005,681	17,305,568
Long-term financing	21	11,896,987	2,841,364
Long-term debt		24,902,668	20,146,932
Total equity		207,293,038	184,316,316
Total capital		232,195,706	204,463,248
Long-term debt to equity		0.11	0.10

49. TRANSACTIONS WITH RELATED PARTIES

49.1 Related parties of the Company comprise of associated companies, state-controlled entities, staff retirement benefit plans and the Company's directors and key management personnel. Following are the particulars of related parties and associated undertakings of the Company with whom the Company had entered into transactions or had agreements and arrangements in place during the year:

Name of related parties	Direct shareholding in the Company	Relationship
KES Power Limited	66.4%	Holding Company
GoP represented by President of Pakistan	24.4%	Major shareholder
BYCO Petroleum Pakistan Limited	0.0%	Common directorship
Central Power Purchasing Agency (Guarantee) Limited	0.0%	State controlled entity
Pakistan State Oil Company Limited (PSO)	0.0%	State controlled entity
Sui Southern Gas Company Limited (SSGC)	0.0%	State controlled entity
Tayyab Tareen	0.0%	Chief Executive Officer
Syed Moonis Abdullah Alvi	0.0%	Chief Financial Officer / Chief Executive Officer
Khalid Rafi	0.0000018%	Independent Director
Adeeb Ahmad	0.0%	Non-Executive director
Chaudhary Khaqan Saadullah Khan	0.0%	Non-Executive director
Dr. Ahmed Mujtaba Memon	0.0%	Non-Executive director
Mubasher H. Sheikh	0.0%	Non-Executive director
Muhammad Zubair Motiwala	0.0%	Non-Executive director
Nayyer Hussain	0.0%	Non-Executive director
Shan A. Ashary	0.0%	Non-Executive director
Syed Mohammad Akhtar Zaidi	0.0%	Non-Executive director
Waseem Mukhtar	0.0%	Non-Executive director
Aamir Rizwan Qureshi	0.0%	Key management personnel
Abbas Husain	0.0%	Key management personnel
Ahsan Anis Jaliwala	0.0%	Key management personnel
Amir Zafar	0.0%	Key management personnel
Arshad Iftikhar.	0.0%	Key management personnel
Asif Raza	0.0%	Key management personnel
Ayaz Jaffar Ahmed	0.0%	Key management personnel
Dale Roger Sinkler	0.0%	Key management personnel
Eram Hasan	0.0%	Key management personnel
Khalid Bashir Malik	0.0%	Key management personnel
Khalilullah Shaikh	0.0%	Key management personnel
Mohammad Rashid Hussain	0.0%	Key management personnel
Muhammad Aamir Ghaziani	0.0%	Key management personnel
Muhammad Adil	0.0%	Key management personnel
Muhammad Adnan Ali Rizwi	0.0%	Key management personnel
Muhammad Asif Saad	0%	Key management personnel
Muhammad Faizan Mahmood Khan	0.0%	Key management personnel
Muhammad Rizwan Dalia .	0.0%	Key management personnel
Muhammad Shoaib Baig	0.0%	Key management personnel
Rizwan Pesnani	0.0%	Key management personnel
Sadia Dada	0.0000003%	Key management personnel
Sheikh Amer Zia	0.0%	Key management personnel
Sheikh Humayun Saghir	0.0%	Key management personnel
Syed Fakhar Ahmed	0.0%	Key management personnel
Wahid Asghar	0.00000036%	Key management personnel
Waqas Bin Najib	0.0%	Key management personnel
Employee Retirement benefit funds:		
- Gratuity fund	0.0%	Post employement benefits / plans
- Provident fund	0.0%	Post employement benefits / plans

49.2 Details of transactions with related parties, not disclosed elsewhere in these financial statements, are as follows:

49.2.1 Government related entities

The Company has availed the exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with government related / (state-owned) entities except for transactions stated below, which the Company considers to be significant.

			2018	2017
			(Rupees in '000)	
49.2.2	Central Power Purchasing Agency (Guarantee) Limited (CPPA) / NTDC	Power purchases	45,657,733	40,038,820
49.2.3	Pakistan State Oil Company Limited (PSO)	Purchase of furnace oil & other lubricants	40,838,292	30,354,056
49.2.4	Sui Southern Gas Company Limited (SSGC)	Purchase of gas	25,569,312	29,451,834
49.2.5	BYCO Petroleum Pakistan Limited	Purchase of furnace oil & other lubricants	6,686,844	1,963,515
49.2.6	Provident fund	Contribution to provident fund	812,209	746,811
49.2.7	Key management personnel	Managerial remuneration	218,912	193,198
	Housing and utilities		119,649	105,859
	Other allowances and benefits		249,020	237,824
	Retirement benefits		10,734	-
	Leave encashment		724	-

49.2.7.1 The above figures includes remuneration of Chief Executive Officer and Chief Financial Officer.

50. PROVIDENT FUND DISCLOSURE

The Company operates approved funded contributory provident fund for both its management and non-management employees. The investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified there under.

51. PLANT CAPACITY AND ANNUAL PRODUCTION

The details of actual generation against designed annual capacity of each plant of the Company is as follows:

Plant Name	Average Gross Dependable Capacity 2018	Average Gross Dependable Capacity 2017	Actual Generation 2018	Actual Generation 2017
	(MW)		(Gwh)	
Bin Qasim Power Station	1,047	989	4,765	4,329
Bin Qasim Power Station - II	529	522	3,751	3,921
CCPP KORANGI	229	214	1,001	1,124
Site Gas Turbine Power Station	96	89	498	384
Korangi Town Gas Turbine	96	88	323	389
	1,997	1,902	10,338	10,147

52. OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker of the Company. The chief operating decision-maker is the Board of Director's (BOD), which is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of accounting and reporting standards as applicable in Pakistan.

There were no change in the reportable segments during the year.

The Company is domiciled in Pakistan. The Company's revenue is generated substantially from the sale of electric energy to industrial and other consumers under the Electricity Act, 1910 and Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, as amended, to its licensed areas.

All non-current assets of the Company at June 30, 2018 are located in Pakistan.

53. BENAZIR EMPLOYEES STOCK OPTION SCHEME (BESOS)

On August 14, 2009, GOP launched Benazir Employees' Stock Option Scheme ("the Scheme") for employees of certain State Owned Enterprise (SOEs) and non-state Owned Enterprise where GOP holds significant investments (non-SOEs). The scheme was applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer the Scheme, GOP was to transfer 12% of its investment in such SOEs and non-SOEs to a trust fund to be created for the purpose by each of such entities. The eligible employees would be allotted units by each trust fund in proportion to their respective length of service and on retirement or termination such employees would be entitled to receive such amounts from trust funds in exchange for the surrendered units as would be determined based on the market price of the listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to the GOP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective trust fund to the central revolving fund managed by the Privatisation Commission of Pakistan for the payment to employees against surrendered units. The deficit, if any, in Trust funds to meet the re-purchase commitment would be met by the GOP.

The Scheme, developed in compliance with the stated GOP policy of empowerment of employees of SOEs needs to be accounted for by the entities, including the Company, under the IFRS 2 "Share Based Payments" (IFRS-2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan (ICAP) vide the letter number CAIDTS/PS& TAC/2011-2036 dated February 2, 2011 has granted exemption to such entities from the application of IFRS 2 to the Scheme vide SRO 587 (I)/2011 dated June 7, 2011.

Had the exemption not been granted, the staff costs of the Company for the year would have been lower by Rs. 180 million (2017: Rs.186 million), profit after taxation would have been higher by Rs. 179.733 million (2017: Rs.186.705 million), unappropriated profit would have been lower by Rs. 804 million (2017: higher by Rs. 1,056 million), earnings per share would have been higher by Rs. 0.007 (2017: Rs. 0.007) and reserves would have been lower by Rs. 804 million (2017: Rs. 1,056 million). The expense reflects change in the market price of shares. Since market price fell during these two years, expense is negative for both years However, various formalities relating to the finalisation of the Scheme such as trust deed and vesting period are yet to be finalized. The liability of BESOS for the Company's employees is a liability of the fund and Company has no liability towards these payments. Moreover, due to certain administrative issues, trust fund has not yet been created by GoP.

54. CHANGE IN ACCOUNTING POLICY

Effective May 30, 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the previous Companies Ordinance, 1984 (the repealed Ordinance). Section 235 of the repealed Ordinance relating to treatment of surplus arising on revaluation of property, plant and equipment has not been carried forward in the Act. The said section of the repealed Ordinance specified the presentation and accounting treatment relating to the revaluation of property, plant and equipment which was not in accordance with the requirements of IAS 16 'Property, Plant and Equipment', as applicable in Pakistan. Consequently, the Company changed its accounting policy for the revaluation of property, plant and equipment in accordance with the requirement of the accounting and reporting standards as applicable in Pakistan under the Companies Act, 2017.

Previously, the Company's accounting policy for revaluation of property, plant and equipment was in accordance with the provision of Section 235 of the repealed Ordinance. Further, the revaluation surplus on property, plant and equipment was presented as a separate item following equity, in accordance with the presentation requirement of the repealed Ordinance. The accounting policy and presentation requirement relating to revaluation of property, plant and equipment have been changed to bring it in conformity with the requirement of IAS 16 "Property, Plant and Equipment" as explained in note 4.1 to these financial statements. Accordingly, the revaluation surplus on property; plant and equipment is now presented in the statement of financial position and statement of changes in equity as a capital reserve i.e. part of equity.

In accordance with the requirements of IAS 8 'Accounting policies, estimates and errors', the above explained changes in accounting policy has been accounted for retrospectively, with the restatement of the comparative information as detailed below:

	As at July 1, 2016			June 30, 2017		
	As previously reported	Adjustments Increase/ (decrease)	As restated	As previously reported	Adjustments Increase/ (decrease)	As restated
	(Rupees in '000)					
Revaluation surplus on property, plant and equipment (within equity)	-	49,966,810	49,966,810	-	47,605,194	47,605,194
Share capital and reserves	121,321,219	-	121,321,219	136,711,122	-	136,711,122
Net impact on equity	121,321,219	49,966,810	171,288,029	136,711,122	47,605,194	184,316,316
Revaluation surplus on property, plant and equipment (below equity)	49,966,810	(49,966,810)	-	47,605,194	(47,605,194)	-
Net impact on Other Comprehensive Income - Revaluation surplus on property, plant and equipment	N/A	N/A	N/A	-	2,809,464	2,809,464

The effect of the change results in recognition and presentation of Rs. 47,605 million being revaluation surplus on property, plant and equipment as a capital reserve i.e. separate component of equity and derecognition of revaluation surplus of property, plant and equipment of Rs. 47,605 million, previously reported below equity in the statement of financial position as at June 30, 2017.

There was no change in the reported amount of profit or loss as there was no decrease in the carrying amount of asset as a result of revaluation.

There was no cash flow impact as a result of the retrospective application of change in accounting policy and no impact on basic and diluted earnings per share for the year ended June 30, 2017.

55. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison. Significant reclassifications are as follows:

From	To	June 30, 2017	Opening balance as of July 1, 2016
		(Rupees)	
Trade and other payables	Unclaimed dividend	650	650
Trade and other payables	Short-term borrowings	3,145,500	500,000
Sale of energy - PASMIC	Sale of energy - Industrial	823,368	N/A
Finance cost	Other operating expenses	282,200	N/A

56. NUMBER OF EMPLOYEES

	2018	2017
Total number of employees as at the reporting date	10,406	10,822
Average number of employees during the year	10,631	10,884

56.1 Included in the above are 1,036 employees of power generation plants as at June 30, 2018 (2017: 1,096) and average numbers of such employees during the year was 1,063 (2017: 1,103).

57. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 18, 2019 by the Board of Directors of the Company.

58. GENERAL

All figures have been rounded off to the nearest thousand Pakistan rupees unless otherwise stated.

Syed Moonis Abdullah Alvi
Chief Executive Officer

Khalid Rafi
Director

Muhammad Aamir Ghaziani
Chief Financial Officer

PATTERN OF SHAREHOLDING

As of June 30, 2018

# of Shareholders	Shareholdings Slab			Total Shares Held
5965	1	to	100	169,869
3852	101	to	500	1,245,332
2501	501	to	1,000	2,261,493
4948	1,001	to	5,000	14,312,802
1990	5,001	to	10,000	16,577,046
787	10,001	to	15,000	10,301,003
632	15,001	to	20,000	11,936,970
452	20,001	to	25,000	10,839,940
258	25,001	to	30,000	7,443,906
182	30,001	to	35,000	6,054,272
157	35,001	to	40,000	6,103,860
74	40,001	to	45,000	3,211,272
318	45,001	to	50,000	15,755,466
87	50,001	to	55,000	4,633,257
96	55,001	to	60,000	5,664,711
41	60,001	to	65,000	2,600,128
63	65,001	to	70,000	4,353,448
73	70,001	to	75,000	5,410,487
52	75,001	to	80,000	4,101,566
31	80,001	to	85,000	2,603,464
36	85,001	to	90,000	3,191,308
24	90,001	to	95,000	2,258,709
262	95,001	to	100,000	26,167,225
29	100,001	to	105,000	2,980,100
29	105,001	to	110,000	3,154,566
15	110,001	to	115,000	1,706,500
20	120,001	to	125,000	3,971,600
13	125,001	to	130,000	1,671,858
19	130,001	to	135,000	2,532,121
18	135,001	to	140,000	2,502,825
16	140,001	to	145,000	2,305,190
51	145,001	to	150,000	7,644,500
17	150,001	to	155,000	2,593,016
12	155,001	to	160,000	1,909,159
6	160,001	to	165,000	984,500
10	165,001	to	170,000	1,679,150
12	170,001	to	175,000	2,085,174
9	175,001	to	180,000	1,604,501
7	180,001	to	185,000	1,289,000
10	185,001	to	190,000	1,881,695
6	190,001	to	195,000	1,162,000
100	195,001	to	200,000	19,991,196
11	200,001	to	205,000	2,230,058
11	205,001	to	210,000	2,304,544
5	210,001	to	215,000	1,066,500
7	215,001	to	220,000	1,519,000
18	220,001	to	225,000	4,034,142
3	225,001	to	230,000	689,500
4	230,001	to	235,000	940,000

# of Shareholders	Shareholdings Slab			Total Shares Held
7	235,001	to	240,000	1,671,500
6	240,001	to	245,000	1,460,000
40	245,001	to	250,000	9,994,000
5	250,001	to	255,000	1,263,027
6	255,001	to	260,000	1,554,500
6	260,001	to	265,000	1,585,000
7	265,001	to	270,000	1,877,787
8	270,001	to	275,000	2,194,000
4	275,001	to	280,000	1,119,500
4	280,001	to	285,000	1,133,000
7	285,001	to	290,000	2,023,000
2	290,001	to	295,000	590,000
44	295,001	to	300,000	13,191,000
5	300,001	to	305,000	1,517,833
5	305,001	to	310,000	1,542,519
2	310,001	to	315,000	629,000
4	315,001	to	320,000	1,269,000
8	320,001	to	325,000	2,589,000
5	325,001	to	330,000	1,646,500
4	330,001	to	335,000	1,338,905
2	335,001	to	340,000	672,319
3	340,001	to	345,000	1,026,500
12	345,001	to	350,000	4,190,500
2	350,001	to	355,000	702,079
2	360,001	to	365,000	728,000
6	370,001	to	375,000	2,249,500
2	375,001	to	380,000	757,500
2	380,001	to	385,000	769,500
2	385,001	to	390,000	779,000
2	390,001	to	395,000	787,500
26	395,001	to	400,000	10,387,559
5	400,001	to	405,000	2,010,353
4	405,001	to	410,000	1,632,764
3	410,001	to	415,000	1,242,000
1	415,001	to	420,000	416,500
3	420,001	to	425,000	1,275,000
3	425,001	to	430,000	1,290,000
3	430,001	to	435,000	1,298,840
3	435,001	to	440,000	1,317,000
6	445,001	to	450,000	2,699,000
1	450,001	to	455,000	451,000
2	455,001	to	460,000	920,000
1	460,001	to	465,000	465,000
1	465,001	to	470,000	469,000
1	470,001	to	475,000	475,000
2	475,001	to	480,000	959,500
1	480,001	to	485,000	483,500
1	485,001	to	490,000	490,000
1	490,001	to	495,000	495,000
49	495,001	to	500,000	24,498,000
2	500,001	to	505,000	1,004,460
1	505,001	to	510,000	505,975
2	510,001	to	515,000	1,028,500

# of Shareholders	Shareholdings Slab			Total Shares Held
2	520,001	to	525,000	1,050,000
1	525,001	to	530,000	527,000
2	530,001	to	535,000	1,065,500
1	535,001	to	540,000	540,000
4	545,001	to	550,000	2,195,500
2	555,001	to	560,000	1,116,334
3	560,001	to	565,000	1,693,500
2	565,001	to	570,000	1,140,000
1	570,001	to	575,000	575,000
1	575,001	to	580,000	575,500
1	580,001	to	585,000	583,500
13	595,001	to	600,000	7,800,000
2	600,001	to	605,000	1,202,000
1	605,001	to	610,000	610,000
1	615,001	to	620,000	619,148
3	620,001	to	625,000	1,872,000
1	625,001	to	630,000	628,000
1	635,001	to	640,000	640,000
6	645,001	to	650,000	3,900,000
2	655,001	to	660,000	1,317,500
2	660,001	to	665,000	1,326,500
1	665,001	to	670,000	670,000
1	680,001	to	685,000	681,500
1	685,001	to	690,000	687,000
4	695,001	to	700,000	2,800,000
1	700,001	to	705,000	703,158
2	705,001	to	710,000	1,415,413
3	710,001	to	715,000	2,139,246
1	715,001	to	720,000	717,000
1	720,001	to	725,000	725,000
1	725,001	to	730,000	725,500
1	730,001	to	735,000	733,000
2	735,001	to	740,000	1,478,000
1	740,001	to	745,000	742,500
6	745,001	to	750,000	4,500,000
3	750,001	to	755,000	2,260,500
1	755,001	to	760,000	760,000
1	760,001	to	765,000	765,000
1	765,001	to	770,000	770,000
1	770,001	to	775,000	775,000
1	775,001	to	780,000	779,000
1	785,001	to	790,000	785,500
2	790,001	to	795,000	1,589,500
6	795,001	to	800,000	4,800,000
2	800,001	to	805,000	1,610,000
1	805,001	to	810,000	810,000
1	810,001	to	815,000	813,000
1	815,001	to	820,000	816,000
1	820,001	to	825,000	825,000
1	825,001	to	830,000	829,000
3	830,001	to	835,000	2,502,500
1	840,001	to	845,000	841,000
4	895,001	to	900,000	3,599,000

# of Shareholders	Shareholdings Slab			Total Shares Held
1	950,001	to	955,000	950,509
2	970,001	to	975,000	1,946,500
2	975,001	to	980,000	1,958,000
1	980,001	to	985,000	985,000
31	995,001	to	1,000,000	31,000,000
1	1,025,001	to	1,030,000	1,028,580
1	1,045,001	to	1,050,000	1,050,000
1	1,065,001	to	1,070,000	1,069,000
5	1,095,001	to	1,100,000	5,500,000
1	1,100,001	to	1,105,000	1,100,829
1	1,125,001	to	1,130,000	1,128,000
1	1,150,001	to	1,155,000	1,153,500
1	1,155,001	to	1,160,000	1,158,500
3	1,165,001	to	1,170,000	3,505,500
1	1,170,001	to	1,175,000	1,174,000
1	1,190,001	to	1,195,000	1,190,500
4	1,195,001	to	1,200,000	4,800,000
1	1,200,001	to	1,205,000	1,204,500
1	1,220,001	to	1,225,000	1,225,000
1	1,235,001	to	1,240,000	1,240,000
1	1,245,001	to	1,250,000	1,250,000
4	1,295,001	to	1,300,000	5,200,000
2	1,335,001	to	1,340,000	2,673,000
1	1,340,001	to	1,345,000	1,344,000
1	1,345,001	to	1,350,000	1,350,000
1	1,385,001	to	1,390,000	1,386,000
1	1,390,001	to	1,395,000	1,390,500
4	1,395,001	to	1,400,000	5,600,000
1	1,405,001	to	1,410,000	1,410,000
1	1,415,001	to	1,420,000	1,420,000
1	1,440,001	to	1,445,000	1,444,000
1	1,450,001	to	1,455,000	,450,500
2	1,460,001	to	1,465,000	2,930,000
1	1,470,001	to	1,475,000	1,475,000
1	1,475,001	to	1,480,000	1,477,000
9	1,495,001	to	1,500,000	13,500,000
1	1,515,001	to	1,520,000	1,520,000
1	1,545,001	to	1,550,000	1,550,000
1	1,550,001	to	1,555,000	1,554,500
1	1,570,001	to	1,575,000	1,575,000
3	1,595,001	to	1,600,000	4,798,500
1	1,600,001	to	1,605,000	1,602,000
2	1,625,001	to	1,630,000	3,260,000
2	1,640,001	to	1,645,000	3,283,202
1	1,645,001	to	1,650,000	1,650,000
1	1,690,001	to	1,695,000	1,691,500
1	1,695,001	to	1,700,000	1,699,000
1	1,735,001	to	1,740,000	1,739,500
1	1,745,001	to	1,750,000	1,750,000
1	1,825,001	to	1,830,000	1,830,000
1	1,830,001	to	1,835,000	1,831,000
1	1,845,001	to	1,850,000	1,850,000
1	1,870,001	to	1,875,000	1,871,500

# of Shareholders	Shareholdings Slab			Total Shares Held
1	1,945,001	to	1,950,000	1,950,000
6	1,995,001	to	2,000,000	12,000,000
1	2,035,001	to	2,040,000	2,037,000
2	2,045,001	to	2,050,000	4,097,000
1	2,070,001	to	2,075,000	2,075,000
2	2,095,001	to	2,100,000	4,200,000
1	2,145,001	to	2,150,000	2,150,000
1	2,195,001	to	2,200,000	2,200,000
1	2,200,001	to	2,205,000	2,201,500
1	2,240,001	to	2,245,000	2,243,000
1	2,245,001	to	2,250,000	2,250,000
1	2,265,001	to	2,270,000	2,270,000
1	2,275,001	to	2,280,000	2,276,000
1	2,285,001	to	2,290,000	2,290,000
3	2,295,001	to	2,300,000	6,900,000
1	2,330,001	to	2,335,000	2,335,000
2	2,395,001	to	2,400,000	4,800,000
1	2,445,001	to	2,450,000	2,445,500
1	2,450,001	to	2,455,000	2,454,000
1	2,505,001	to	2,510,000	2,508,967
1	2,570,001	to	2,575,000	2,574,000
1	2,585,001	to	2,590,000	2,588,000
1	2,600,001	to	2,605,000	2,601,000
1	2,655,001	to	2,660,000	2,656,500
1	2,685,001	to	2,690,000	2,688,000
1	2,695,001	to	2,700,000	2,700,000
1	2,710,001	to	2,715,000	2,712,900
1	2,740,001	to	2,745,000	2,743,500
1	2,830,001	to	2,835,000	2,833,400
1	2,860,001	to	2,865,000	2,862,500
1	2,870,001	to	2,875,000	2,875,000
1	2,875,001	to	2,880,000	2,880,000
1	2,890,001	to	2,895,000	2,894,000
2	2,915,001	to	2,920,000	5,836,500
1	2,930,001	to	2,935,000	2,931,500
1	2,960,001	to	2,965,000	2,965,000
1	2,985,001	to	2,990,000	2,987,000
4	2,995,001	to	3,000,000	12,000,000
1	3,005,001	to	3,010,000	3,005,500
1	3,010,001	to	3,015,000	3,011,500
1	3,020,001	to	3,025,000	3,025,000
1	3,085,001	to	3,090,000	3,088,500
1	3,100,001	to	3,105,000	3,102,000
1	3,145,001	to	3,150,000	3,150,000
1	3,195,001	to	3,200,000	3,200,000
1	3,245,001	to	3,250,000	3,250,000
1	3,295,001	to	3,300,000	3,298,000
1	3,435,001	to	3,440,000	3,437,676
1	3,460,001	to	3,465,000	3,461,000
1	3,490,001	to	3,495,000	3,491,000
1	3,510,001	to	3,515,000	3,513,000
1	3,535,001	to	3,540,000	3,538,500
1	3,595,001	to	3,600,000	3,600,000

# of Shareholders	Shareholdings Slab			Total Shares Held
1	3 ,695,001	to	3,700,000	3,700,000
1	3 ,795,001	to	3,800,000	3,800,000
1	3 ,815,001	to	3,820,000	3,816,000
1	3 ,945,001	to	3,950,000	3,950,000
3	3 ,995,001	to	4,000,000	12,000,000
1	4 ,195,001	to	4,200,000	4,200,000
1	4 ,225,001	to	4,230,000	4,226,500
1	4 ,255,001	to	4,260,000	4,260,000
1	4 ,295,001	to	4,300,000	4,300,000
1	4 ,315,001	to	4,320,000	4,319,500
1	4 ,365,001	to	4,370,000	4,370,000
1	4 ,405,001	to	4,410,000	4,409,000
1	4 ,445,001	to	4,450,000	4,450,000
2	4 ,495,001	to	4,500,000	9,000,000
1	4 ,520,001	to	4,525,000	4,524,000
1	4 ,525,001	to	4,530,000	4,527,000
1	4 ,670,001	to	4,675,000	4,673,775
1	4 ,710,001	to	4,715,000	4,715,000
1	4 ,745,001	to	4,750,000	4,750,000
1	4 ,825,001	to	4,830,000	4,829,000
1	4 ,865,001	to	4,870,000	4,867,000
7	4 ,995,001	to	5,000,000	35,000,000
1	5 ,000,001	to	5,005,000	5,001,540
1	5 ,290,001	to	5,295,000	5,294,500
1	5 ,395,001	to	5,400,000	5,400,000
1	5 ,945,001	to	5,950,000	5,945,500
1	5 ,960,001	to	5,965,000	5,963,500
1	6 ,015,001	to	6,020,000	6,020,000
1	6 ,085,001	to	6,090,000	6,088,594
1	6 ,290,001	to	6,295,000	6,291,500
1	6 ,595,001	to	6,600,000	6,599,500
1	6 ,620,001	to	6,625,000	6,621,200
1	6 ,695,001	to	6,700,000	6,700,000
1	6 ,805,001	to	6,810,000	6,808,500
1	6 ,850,001	to	6,855,000	6,850,500
1	6 ,995,001	to	7,000,000	7,000,000
1	7 ,000,001	to	7,005,000	7,001,000
1	7 ,245,001	to	7,250,000	7,250,000
1	7 ,430,001	to	7,435,000	7,435,000
1	7 ,455,001	to	7,460,000	7,460,000
1	7 ,560,001	to	7,565,000	7,564,928
1	7 ,595,001	to	7,600,000	7,600,000
1	7 ,725,001	to	7,730,000	7,728,000
1	7 ,845,001	to	7,850,000	7,850,000
1	7 ,995,001	to	8,000,000	8,000,000
1	8 ,070,001	to	8,075,000	8,071,000
1	8 ,640,001	to	8,645,000	8,642,000
1	8 ,950,001	to	8,955,000	8,955,000
1	9 ,500,001	to	9,505,000	9,503,000
1	9 ,620,001	to	9,625,000	9,624,500
1	9 ,705,001	to	9,710,000	9,706,969
3	9 ,995,001	to	10,000,000	30,000,000
1	10,260,001	to	10,265,000	10,260,500

# of Shareholders	Shareholdings Slab			Total Shares Held
1	10,455,001	to	10,460,000	10,456,000
1	10,795,001	to	10,800,000	10,800,000
1	10,980,001	to	10,985,000	10,981,500
1	11,060,001	to	11,065,000	11,060,500
1	11,225,001	to	11,230,000	11,230,000
1	11,425,001	to	11,430,000	11,428,000
1	11,510,001	to	11,515,000	11,513,000
1	11,695,001	to	11,700,000	11,700,000
1	12,320,001	to	12,325,000	12,324,000
1	12,350,001	to	12,355,000	12,355,000
1	12,600,001	to	12,605,000	12,604,236
1	12,875,001	to	12,880,000	12,878,000
1	13,155,001	to	13,160,000	13,157,500
1	13,690,001	to	13,695,000	13,692,500
1	13,925,001	to	13,930,000	13,928,500
1	13,940,001	to	13,945,000	13,940,500
1	14,500,001	to	14,505,000	14,505,000
1	14,505,001	to	14,510,000	14,508,000
1	14,870,001	to	14,875,000	14,874,500
1	14,945,001	to	14,950,000	14,947,000
1	17,130,001	to	17,135,000	17,131,500
1	18,970,001	to	18,975,000	18,973,500
1	19,080,001	to	19,085,000	19,083,042
1	19,995,001	to	20,000,000	20,000,000
1	21,290,001	to	21,295,000	21,291,264
1	21,965,001	to	21,970,000	21,970,000
1	22,680,001	to	22,685,000	22,685,000
1	22,825,001	to	22,830,000	22,827,000
1	24,050,001	to	24,055,000	24,050,500
1	24,495,001	to	24,500,000	24,500,000
1	29,535,001	to	29,540,000	29,537,500
1	29,860,001	to	29,865,000	29,861,500
1	30,180,001	to	30,185,000	30,183,000
1	30,945,001	to	30,950,000	30,948,000
1	31,355,001	to	31,360,000	31,356,650
1	32,695,001	to	32,700,000	32,700,000
1	32,915,001	to	32,920,000	32,917,688
1	35,405,001	to	35,410,000	35,407,500
1	40,995,001	to	41,000,000	41,000,000
1	43,510,001	to	43,515,000	43,512,500
1	46,715,001	to	46,720,000	46,719,000
1	52,845,001	to	52,850,000	52,850,000
1	61,980,001	to	61,985,000	61,983,500
1	67,405,001	to	67,410,000	67,408,000
1	68,310,001	to	68,315,000	68,312,500
1	122,220,001	to	122,225,000	122,221,500
1	180,305,001	to	180,310,000	180,309,500
1	6,726,910,001	to	6,726,915,000	6,726,912,278
1	18,335,540,001	to	18,335,545,000	18,335,542,678
24111				**27,615,194,246**

CATEGORIES OF SHAREHOLDERS

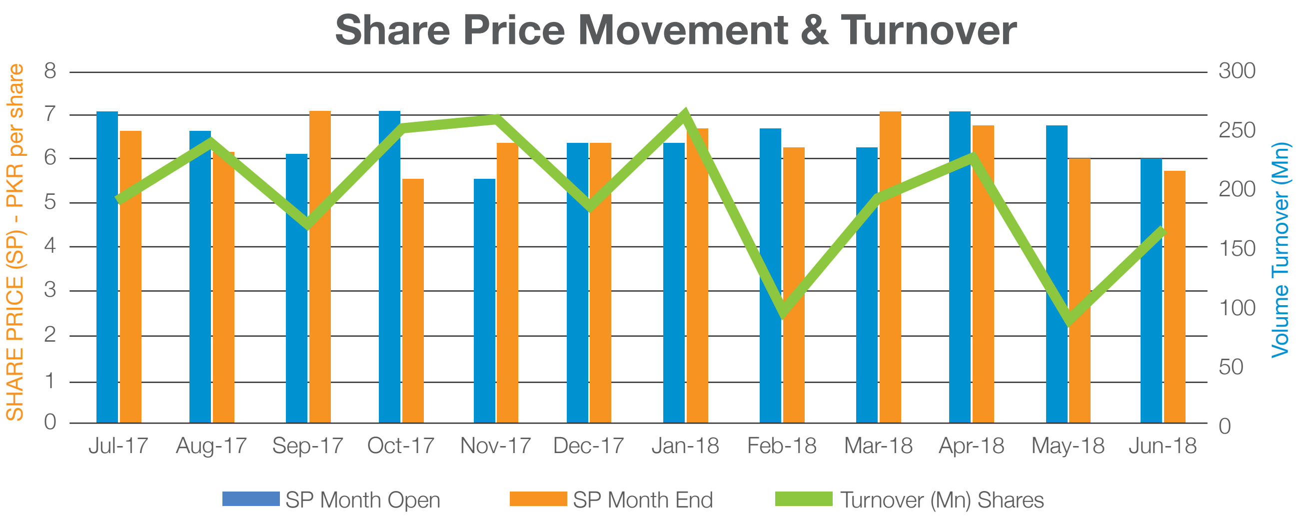
As of June 30, 2018 Ordinary Shares

Categories of Shareholders	Number	Total Shares	%age
Associated Companies, Undertakings and related parties	-	-	-
AND / OR			
Shareholders holding five percent or more voting rights in the Company			
KES Power Limited (Holding Company)	1	18,335,542,678	66.40
President of the Islamic Republic of Pakistan (GOP)	1	6,726,912,278	24.36
Mutual Funds			
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	4,750,000	0.02
CDC - TRUSTEE MEEZAN BALANCED FUND	1	22,685,000	0.08
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	1	200,000	0.00
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	619,148	0.00
CDC - TRUSTEE HBL ENERGY FUND	1	7,460,000	0.03
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	32,700,000	0.12
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	29,861,500	0.11
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	180,309,500	0.65
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	3,000,000	0.01
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	12,604,236	0.05
CDC - TRUSTEE DAWOOD ISLAMIC FUND	1	212,500	0.00
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	14,505,000	0.05
CDC - TRUSTEE NAFA SAVINGS PLUS FUND - MT	1	307,500	0.00
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	5,001,540	0.02
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	5,294,500	0.02
CDC - TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	2,400,000	0.01
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	4,673,775	0.02
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	10,260,500	0.04
CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	1	2,445,500	0.01
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	21,291,264	0.08
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	1,831,000	0.01
CDC - TRUSTEE FAYSAL MTS FUND - MT	1	3,513,000	0.01
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	12,355,000	0.04
CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND	1	3,298,000	0.01
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	151,500	0.00
CDC - TRUSTEE MCB DYNAMIC CASH FUND - MT	1	20,000	0.00
CDC - TRUSTEE MEEZAN ENERGY FUND	1	7,728,000	0.03
CDC - TRUSTEE PAKISTAN INCOME FUND - MT	1	2,574,000	0.01
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	1,691,500	0.01
CDC - TRUSTEE FIRST HABIB INCOME FUND - MT	1	409,500	0.00
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	12,324,000	0.04
CDC - TRUSTEE MCB DCF INCOME FUND	1	2,743,500	0.01
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	405,000	0.00
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	100,000	0.00
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	725,500	0.00
CDC - TRUSTEE NIT INCOME FUND - MT	1	1,444,000	0.01
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	2,931,500	0.01
CDC - TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	7,435,000	0.03
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	6,700,000	0.02
CDC - TRUSTEE PICIC INVESTMENT FUND	1	4,527,000	0.02
CDC - TRUSTEE PICIC GROWTH FUND	1	8,642,000	0.03
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	10,800,000	0.04
CDC - TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	2,894,000	0.01
CDC - TRUSTEE NAFA MULTI ASSET FUND	1	250,000	0.00
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	460,000	0.00
CDC - TRUSTEE HBL - STOCK FUND	1	9,624,500	0.03
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	350,000	0.00
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	4,370,000	0.02
MC FSL-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	515,000	0.00
CDC - TRUSTEE NAFA ASSET ALLOCATION FUND	1	195,000	0.00
CDC - TRUSTEE HBL ISLAMIC STOCK FUND	1	8,071,000	0.03
CDC - TRUSTEE HBL EQUITY FUND	1	550,000	0.00
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	750,500	0.00
CDC - TRUSTEE ASKARI EQUITY FUND	1	465,000	0.00
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	1	440,000	0.00
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	570,000	0.00
CDC - TRUSTEE LAKSON INCOME FUND - MT	1	75,000	0.00
CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	200,000	0.00

CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	1	717,000	0.00
CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	1	4,867,000	0.02
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	1	95,500	0.00
MCBFSL - TRUSTEE NAFA INCOME FUND - MT	1	1,699,000	0.01
MC FSL TRUSTEE JS - INCOME FUND - MT	1	5,963,500	0.02
CDC - TRUSTEE UBL INCOME OPPORTUNITY FUND - MT	1	1,871,500	0.01
MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	1	1,000,000	0.00
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	75,000	0.00
Directors, CEO & their Spouse and Minor Children			
Mr. Khalid Rafi	1	500	0.00
Executives	7	441,171	0.00
Public Sector Companies and corporations	15	58,554,112	0.21
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds			
Banks, Financial Institutions	33	223,464,469	0.81
Investment Companies	4	3,912	0.00
Insurance Companies	25	102,099,240	0.37
Joint Stock Companies	219	343,335,180	1.24
Modarabah Management Companies	3	20,001	0.00
Modarabas	15	2,481,835	0.01
Charitable Trusts	18	997,513	0.00
Leasing Companies	-	-	-
General Public - Local	23,553	986,076,420	3.57
Foreign Shareholders	97	283,496,191	1.03
Others	53	52,769,783	0.19
	24,111	**27,615,194,246**	**100.00**

SHARE PRICE SENSITIVITY ANALYSIS

KE's share price, likewise all listed companies, is impacted and governed through a host of internal and external factors. Internal factors primarily include relative improvement in operational and financial performance of the Company reflected through an objective comparison of key performance indicators and its translation into improved profitability and enhanced shareholders' value, investors' confidence through adequate return on investment and customers' satisfaction through high service standards, Standards of corporate governance & adherence to best practices, competency and profile of Board of Directors & key management team, internal controls, business strategy and future business plans.



External factors that significantly impact Company's share price, include:

- continuous fuel supply at economic rates;
- furnace oil to gas ratio (and price differential);
- timely tariff determination and notification by NEPRA, taking into account the cost of doing business and adequate return on investment;
- settlement of the circular debt issue in a fair and equitable manner;
- timely settlement of tariff differential claims by the Government, and recovery of huge electricity arrears outstanding against government-related entities (KWSB in particular)
- the prevailing law and order situation in Karachi and Pakistan.
- interest rates and the PKR:USD exchange rate impact, financing costs and the debt profile of the company.
- the overall national economic performance and continuity of government policies.
- stock market dynamics and investor sentiment in the wake of national and international developments.

During the review year 2.33 Billion shares were traded at Pakistan Stock Exchange, however, the share price could not maintain parity with the index. The average price of the Company share, based on daily closing rates, was Rs.6.34 while low / high share rates during FY 2018 was Rs.5.11 (Jun 18) and Rs.7.51 (Aug 17) per share respectively.

The concerted efforts, professional management, shareholders' support and effective business strategy are underway to restore operational and financial viability and excel the performance.

کمپنی کے سامنے ایک بڑا چیلنج ہے، جو کمپنی کی کیش فلو پوزیشن اور بروقت انداز میں منصوبہ بند سرمایہ کاری پر اثر انداز ہوتا ہے۔ اس حوالے سے، کمپنی تمام متعلقہ اسٹیک ہولڈرز سے رابطے میں ہے اور گردشی قرضے کے مسئلے کا ایک منصفانہ اور مناسب حل تلاش کے لئے کوشاں ہے۔

فروخت کے عمل میں تاخیر کے باعث پیش آنے والے چیلنجز:

حکومت کی جانب سے منظوریوں میں تاخیر کے باعث، کمپنی 66.4 فیصد تک حصے کی SEP کی تحصیل پر عمل درآمد سے قاصر ہے۔ اکتوبر 2016 میں SPA پر دستخط ہونے کے بعد سے تقریباً تین سال گزر چکے ہیں۔ یہ بات جاننا اہم ہے کہ کمپنی کی جانب سے مختلف منصوبہ بند سرمایہ کاریوں کو ٹیرف کی تکمیل کے باعث پہلے ہی تاخیر کا سامنا رہا اور فروخت کے عمل کی منظوری میں تاخیر کا نتیجہ SEP کے اپنے سرمایہ کاری منصوبے کے نفاذ میں تاخیر کی صورت میں سامنے آیا ہے، جس کا ہدف جنریشن، ٹرانسمیشن اور ڈسٹری بیوشن کی صلاحیت میں اضافہ اور اس کے ساتھ ساتھ ویلیو چین میں ٹیکنالوجیکل پیش رفت کو عمل میں لانا ہے، جو کراچی کے شہریوں کی زندگی میں بہتری کا سبب بنے گی۔

حرفِ آخر

مختصراً یہ ہے کہ پاکستان کا واحد نجی اور مربوط بجلی فراہم کرنے والا ادارہ ہونے کے ناطے، کمپنی متعلقہ سرکاری، ریگولیٹری اور دوسرے اداروں کے ساتھ بجلی کے شعبے میں بڑے پیمانے پر سرمایہ کاری کے فروغ کو یقینی بنانے کے حوالے سے گفت وشنید میں مصروف ہے۔

تمام اسٹیک ہولڈرز کی جانب سے اجتماعی معاونت کی بدولت، کمپنی مستقبل کے لئے ایک مثبت منظر نامہ برقرار رکھے ہوئے ہے اور منافع بخش اور مستحکم ترقی کی جانب پیش قدمی کرتے ہوئے صارفین کے لئے سروس کی فراہمی کو بھی مزید مستحکم کرنے کے لئے پُر امید ہے۔

اظہارِ تشکّر

بورڈ، حکومتِ پاکستان (GoP)، کمپنی کے شیئر ہولڈرز اور کسٹمرز کی جانب سے ان کے تعاون اور معاونت کا تہہ دل سے شکریہ ادا کرتا ہے اور کمپنی کے ملازمین کی کاوشوں کو سراہتا ہے۔

منجانب بورڈ،

سید مونس عبداللہ علوی
چیف ایگزیکٹو آفیسر

خالد رفیع
ڈائریکٹر

18 ستمبر 2019 :

چنانچہ KE میں SEP کے 6.4 فیصد حصے کے حصول کی بروقت، کامیاب تکمیل سے SEP کے سرمایہ کاری منصوبے کا نفاذِ عمل میں آ سکے گا جو وسیع پیمانے پر پاور سیکٹر کے لئے ایک مثال قائم کرتے ہوئے پہلے سے بہتر معاشی عوامل کے ہمراہ کاروباری فوائد سامنے لائے گا؛ یہ بیان کرنا ضروری ہے کہ موجودہ انتظامیہ کاروباری منصوبے کو ڈیلیور کرنے کے اپنے وعدے پر قائم ہیں، اور چار سال کی مدت میں 3 ارب امریکی ڈالرز کی سرمایہ کاری کرے گی۔

مستقبل کا جائزہ

KE ایک انتہائی متحرک وفعال ادارہ ہے جو ترقی و وسعت پانے کے لئے اپنی جانبازی اور ثابت قدمی کا مظاہرہ کرنے کے ساتھ ساتھ 1913 سے لے کر 106 سالہ طویل سفر میں کئی چیلنجز کا کامیابی سے سامنا کر چکا ہے۔ سب سے اہم بات یہ کہ، موجودہ انتظامیہ کی جانب سے 2009 میں اختیار لینے کے بعد، بروقت سرمایہ کاری اور پیشہ ورانہ مینجمنٹ کی کاوشوں کے ذریعے، ادارے میں مثبت تبدیلیوں کا کامیابی کے ساتھ آغاز ہوا۔

کمپنی اپنے تمام کسٹمرز کو محفوظ، قابلِ بھروسہ اور بلاتعطل بجلی فراہم کرنے کے عزم پر کاربند ہے، اس عزم کو چار سال کے عرصے میں تقریباً 3 بلین امریکی ڈالرز کی سرمایہ کاری سے مزید تقویت ملے گی، جس کا نتیجہ توانائی میں خود کفالت اور کراچی پاکستان کی سماجی واقتصادی ترقی کی صورت میں برآمد ہوگا۔

سسٹم کے استحکام میں اضافے اور مستقبل میں بڑھتے ہوئے لوڈ کی ضرورت کو پورا کرنے کے لئے بحالی/اضافہ صلاحیت کے پراجیکٹس پر کام جاری ہے۔ ڈسٹری بیوشن کے محاذ پر، کمپنی بجلی کی چوری، جو کہ ایک معاشرتی بُرائی ہے، سے نمٹنے کے لیے بھی اپنی کوششوں کو وسعت دیتے ہوئے موجودہ کھمبوں پر لگے ٹرانسفارمرز (PMTs) کو ایریئل بنڈلڈ کیبل (ABC) میں منتقل کر رہی ہے۔ اب تک 7,500 سے زائد PMTs کو ABC میں تبدیل کیا جا چکا ہے، جبکہ 2023 تک تقریباً 15,000 PMTs کو تبدیل کر دیا جائے گا۔

اس کے علاوہ، گزشتہ سالوں کی طرح، ہم آئندہ بھی اپنے تمام افعال میں تحفظ کو اولین ترجیح دیں گے اور اپنے ملازمین، انفراسٹرکچر اور کراچی اور اس کے مضافات میں موجود ہمارے صارفین کے تحفظ کو یقینی بنانے کے لیے اپنے عزم پر ثابت قدم رہیں گے۔ کمپنی ایسی حفاظتی تدابیر کی تشہیر وفروغ کو بھرپور انداز میں جاری رکھے گی جنہیں معاشرتی سطح پر لازماً اختیار کیا جانا چاہیے اور طلباء کے لیے اپنے حفاظتی آگاہی پروگرام میں مزید تیزی لائے گی جس سے 50,000 سے زائد طلباء پہلے ہی فیضیاب ہو چکے ہیں۔ نیٹ ورک کے تحفظ کو یقینی بنانے کے لئے، کمپنی انفراسٹرکچر میں بہتری کے مکمل نیٹ ورک کی سطح پر تحقیقی مطالعہ کر رہی ہے تا کہ بجلی کی فراہمی میں بھروسے اور تحفظ دونوں کو مزید مستحکم بنایا جا سکے۔ اس کے ساتھ ساتھ، KE تمام متعلقہ اسٹیک ہولڈرز بشمول پالیسی بنانے والوں، انتظامی اداروں اور ریگولیٹری اداروں کے ساتھ شراکتِ عمل جاری رکھے گا تا کہ ایسے شہری مسائل بشمول وہ مسائل جو کراچی کے تقریباً 50% حصے کی منصوبہ بندی کی عدم موجودگی کے باعث پیش آتے ہیں اور اس کے ساتھ یوٹیلیٹی انفراسٹرکچر کی سالمیت وشفافیت کو بھی متاثر کرتے ہیں۔ کمپنی تمام متعلقہ اداروں سے اپیل کرتی ہے کہ وہ شہر بھر میں مکمل منصوبہ بندی کے ساتھ بنیادی پروٹوکولز کا نفاذِ عمل میں لانے کے لئے اپنا کردار ادا کریں تا کہ پاور یوٹیلیٹی اپنی خدمات کی انجام دہی کو یقینی بنا سکے۔

صارفین کو مرکزی حیثیت دینا ادارے کی بنیادی اقدار میں شامل ہے، اور اس سے ہم آہنگ رہتے ہوئے کمپنی ہمیشہ نئے ٹیکنالوجیکل مواقع تلاش کرتی رہتی ہے، جس سے اپنے صارفین کو مزید قریب لانے میں مدد ملتی ہے۔ خود کو صارفین کے لیے زیادہ قابلِ رسائی بنانا اور بذاتِ خود سروس کے حصول کی اہلیت دینا کمپنی کے منشور میں سرِ فہرست ہیں۔ اس حوالے سے، KE نے کسٹمر سروس پورٹ فولیو کو ایک موبائل ایپلی کیشن ''KE لائیو'' کے اجراء کے ساتھ مزید وسیع اور جدید خطوط پر استوار کیا ہے، جس کے ذریعے صارف بہت سے فیچرز جیسے کہ بلنگ کی تفصیلات مع سابقہ ڈیٹا، بل کی کاپی ڈاؤن لوڈ کرنا، اور یونٹ کے استعمال کے یکجا تقابلی گرافس تک رسائی پا سکے گا۔ دیگر فیچرز میں پاور اسٹیٹس کا براہِ راست اپ ڈیٹ، بجلی چوری کی اطلاع دینے کی شکایات کا اندراج شامل ہیں۔ کمپنی صارفین کو مزید سہولت فراہم کرنے کے لیے ادائیگی کے مختلف سہولیاتی ذرائع پر بھی کام کر رہی ہے۔

KE خودکار میٹر ریڈنگ ٹیکنالوجی (AMR) متعارف کرا رہی ہے جو اصل وقت میں ہونے والا بجلی کا استعمال ریکارڈ کرتی ہے اور صارف اور کمپنی دونوں کو اس کے بہتر طریقے سے استعمال کے قابل بنانے کے علاوہ بجلی کی فراہمی اور استعمال کو شفاف بنائے گی۔

جن حلقوں کے ساتھ ہم کام کرتے ہیں ان کے لئے ہماری کاوشیں ہی ہماری کاروباری سرگرمیوں کی معاون بنتی ہیں چنانچہ ہم اپنے سلیکٹڈ پروجیکٹ اجالا پر تیز رفتار کام جاری رکھیں گے جس کا مقصد محفوظ اور قابلِ بھروسہ بجلی تک مستحکم فراہمی کی بدولت سماجی ترقی کو فروغ دینا اور اس کے ساتھ ساتھ بجلی کی چوری کو ختم کرنا ہے۔ کمپنی نے اسی مقصد سے ہم آہنگ ہوتے ہوئے کراچی کے تقریباً 6 علاقے، جہاں بجلی کی چوری کی شرح بہت زیادہ ہے اور بل کی مد میں وصولیاں کم ہیں، ان کو کم نقصانات اور پہلے سے بہتر وصولیوں کی حامل مثالی کمیونٹیز میں تبدیل کرنے کا عزم کر رکھا ہے۔

محفوظ اور قابلِ بھروسہ بجلی کی فراہمی اور اس کے ہمراہ صارف کو فوقیت دیے جانے کے بلند درجوں کے حصول کے اپنے عزم سے ہم آہنگ رہنے کے ساتھ ساتھ اختراع اور ٹیکنالوجیکل جدت کی بدولت تخلیقی صلاحیت میں اضافہ کرتے ہوئے، ہم توانائی کی ویلیو چین میں سرمایہ کاریاں جاری رکھیں گے۔ تاہم، حکومت کے زیرِ ملکیت مختلف اداروں سے واجب الوصول رقوم میں مسلسل اضافہ

جناب وسیم مختار، ایڈیشنل سیکریٹری وزارتِ توانائی (پاور ڈویژن) حکومت پاکستان نے یہ عہدہ سنبھالا۔

10۔ جناب عزیز مولجی نے 6 مئی، 2019 سے کمپنی کی ڈائریکٹرشپ سے استعفیٰ دے دیا۔

11۔ جناب ادیب احمد کا، 4 جولائی، 2019 سے خالی اسامی پر کمپنی کے بورڈ میں بطور ڈائریکٹر تقرر کیا گیا۔

12۔ 29 جولائی، 2019 کو سید محمد اختر زیدی نے ڈائریکٹرشپ سے استعفیٰ دے دیا۔

13۔ 30 جولائی، 2019 کو جناب محمد زبیر موتی والا ڈائریکٹرشپ سے ریٹائر ہوئے۔

ڈائریکٹرز کے انتخابات 30 جولائی 2019 کو AGM کے موقع پر منعقد ہوئے جس میں درج ذیل ڈائریکٹرز منتخب/دوبارہ منتخب ہوئے:

1۔ اکرام المجید سہگل
2۔ سید مونس عبداللہ علوی
3۔ خالد رفیع
4۔ ادیب احمد
5۔ چوہدری خاقان سعداللہ خان
6۔ ڈاکٹر احمد مجتبیٰ میمن
7۔ مبشر ایچ شیخ
8۔ محمد عابد لاکھانی
9۔ نیّر حسین
10۔ روحیل محمد
11۔ ریاض ایس اے اے ادریس
12۔ شان اے اشعری
13۔ وسیم مختار

بعدازاں، جناب نیّر حسین نے 18 ستمبر 2019 کو ڈائریکٹر کے عہدے سے استعفیٰ دے دیا۔

بورڈ، سبکدوش ہونے والے ڈائریکٹرز کی خدمات پر انہیں خراجِ تحسین پیش کرتا ہے اور نئے آنے والے ڈائریکٹرز کو خوش آمدید کہتا ہے۔

آڈیٹرز

بطور قانونی جوائنٹ آڈیٹرز A.F.Ferguson and Co, اور BDO Ibrahim and Co اپنی میعاد مکمل کر چکے ہیں، اور اہل ہونے کے ناطے، خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ BAC نے مالی سال 2019 کے لئے کمپنی کے قانونی جوائنٹ آڈیٹرز کے طور پر ان کی دوبارہ تقرر کی تجویز پیش کی ہے۔

شنگھائی الیکٹرک پاور کی جانب سے خریداری کا عمل

اکتوبر 2016 میں، شنگھائی الیکٹرک پاور (SEP) نے کمپنی میں 66.4 فیصد تک شیئرز حاصل کرنے کے لئے KES پاور لمیٹڈ (ہولڈنگ کمپنی) سے خرید وفروخت کا معاہدہ (SPA) کیا۔ SPA کے زیرِ غور اس ٹرانزیکشن کی تکمیل کا انحصار مجوزہ اطلاقی منظوریوں کے حصول اور دیگر شرائط کی تعمیل پر ہے، مطلوبہ منظوریوں میں تاخیر اور تقریباً 3 سال گزر جانے کے باوجود، اس اسٹریٹیجک سرمایہ کار نے کمپنی میں 66.4% حصول کے لئے بار بار اپنی بھرپور دلچسپی کا اظہار کیا ہے۔ مکمل پاور ویلیو چین کی ضروریات کو پورا کرنے والے سرمایہ کاری کے ایک جارحانہ منصوبے کے ساتھ، کمپنی میں SEP کے برتر حصے کا حصول بجلی کی رواں فراہمی کے لئے بین الاقوامی معیارات سے ہم آہنگ رہتے ہوئے کراچی کے پاور انفراسٹرکچر کو یکسر تبدیل کرنے کے لیے بنیادی عنصر ثابت ہوگا جو پاکستان کی جی ڈی پی پر بھی نمایاں اثرات مرتب کرے گا۔

کمپنیز ایکٹ 2017 کی تعمیل

مالی گوشوارے کمپنی کے کاروباری معاملات اور اس کے حالات، کاروباری سرگرمیوں کے نتائج، کیش فلوز اور ایکوئٹی میں تبدیلیوں کا منصفانہ جائزہ لیتے ہیں۔ کمپنی نے، دوبارہ سرمایہ کاری کے تقاضوں اور مخصوص قرض دہندگان کے منصوبوں کے باعث، ڈویڈنڈ/بونس شیئرز کا اعلان نہیں کیا ہے۔

a) وہ افراد جو مالی سال کے دوران کبھی بھی کمپنی کے ڈائریکٹرز رہے ہوں، ان کے نام "Statement of CCG Compliance" میں دیئے گئے ہیں۔

b) مالی سال کے دوران کمپنی کی بنیادی کاروباری سرگرمیوں اور ترقی و کارکردگی کا احاطہ ڈائریکٹرز رپورٹ کے صفحات میں کیا گیا ہے۔

c) اہم کاروباری رسک اور ان میں کمی کو Governance and Compliance کے سیکشن میں بیان کیا گیا ہے۔

d) مالی سال کے دوران کمپنی یا اس کے ذیلی اداروں یا کمپنی کے مفاد کی حامل کسی اور کمپنی کے کاروبار کی نوعیت میں کوئی تبدیلی واقع نہیں ہوئی۔

e) آڈیٹرز رپورٹ میں ترمیم کے حوالے سے کوئی مواد نہیں۔

f) شیئر ہولڈنگ کی ساخت اور شیئر ہولڈرز کی کیٹیگریز کو ''شیئر ہولڈرز کی معلومات'' کے سیکشن میں بیان کیا گیا ہے۔

g) کیمین آئی لینڈز میں قائم شدہ، KES پاور لمیٹڈ کے الیکٹرک کی ہولڈنگ کمپنی ہے۔

h) آمدن فی حصص (EPS) برائے اختتامِ سال 30 جون 2018 کو 0.45 روپے (بیسک/ڈیلیوٹڈ) تھی۔

i) کمپنی نے زیرِ جائزہ سال کے دوران منافع حاصل کیا۔

j) زیرِ جائزہ سال کے دوران کسی بھی قرضے کی ادائیگی میں نادہندگی کے معاملات پیش نہیں آئے۔

k) ایک مستحکم مالیاتی کنٹرول سسٹم موجود ہے اور بورڈ فنانس کمیٹی (BFC) کی جانب سے اس کی باقاعدہ نگرانی کی جاتی ہے اور بورڈ آف ڈائریکٹرز کو رپورٹ پیش کی جاتی ہے۔

l) کاروباری عہدناموں کی تفصیلات مالی گوشواروں کے نوٹ 31.3 میں دستیاب ہیں۔

m) مستقبل کی پیش رفت، کارکردگی اور کمپنی کے کاروبار کی پوزیشن پر ممکنہ طور پر اثر انداز ہونے والے بنیادی رجحانات اور عوامل کو ''مستقبل کا جائزہ'' میں بیان کیا گیا ہے۔

n) نمایاں کاروباری منصوبوں اور فیصلوں اور ماحول پر اثرات کا احاطہ ''عملداری اور تعمیل'' کے سیکشن میں، ''ماحولیاتی، سماجی، عملداری اور مستحکم پذیری کی مینجمنٹ'' کے تحت کیا گیا ہے۔

o) زیرِ جائزہ سال کے دوران کمپنی کی جانب سے کاروباری و سماجی ذمہ داری کے حوالے سے انجام دی جانے والی سرگرمیوں پر ایک رپورٹ کو Governance and Compliance کے سیکشن میں پیش کیا گیا ہے۔

بورڈ آف ڈائریکٹرز (BOD)

زیرِ جائزہ اور بعد از مدت، بورڈ میں درج ذیل تبدیلیاں رونما ہوئیں:

جائزے کی میعاد کے دوران

1۔ GOP کے امیدوار جناب ظفر عباس کی جگہ 9 اگست، 2017 کو ڈاکٹر عامر احمد نے سنبھالی۔

2۔ GOP کے امیدوار جناب محمد انور شیخ کی جگہ 7 جون، 2018 کو ڈاکٹر احمد مجتبیٰ میمن نے سنبھالی۔

3۔ جناب وقار ایچ صدیقی نے ڈائریکٹر/چیئرمین کے عہدے سے استعفیٰ دے دیا اور جناب محمد طیّب ترین، سی ای او، 7 جون 2018 سے بطور چیئرمین منتخب ہوئے۔

4۔ 7 جون، 2018 سید مونس عبداللہ علوی کی بطور ڈائریکٹر/سی ای او تقرری ہوئی۔

بعد از بیلنس شیٹ کی تاریخ

5۔ GOP کے امیدوار ڈاکٹر عامر احمد کی جگہ 14 دسمبر، 2018 کو جناب حسن ناصر جامی نے لی۔

6۔ جناب محمد طیّب ترین، چیئرمین نے ڈائریکٹر/چیئرمین کے عہدے سے استعفیٰ دے دیا اور 18 جنوری 2019 سے ان کی جگہ جناب اکرام المجید سیگل کو بطور ڈائریکٹر/چیئرمین منتخب کیا گیا۔

7۔ جناب عمر خان لودھی اور جناب فریڈرک سکرے نے ڈائریکٹرشپ سے 8 فروری، 2019 کو استعفیٰ دیا۔

8۔ سید محمد اختر زیدی کا تقرر 15 اپریل، 2019 کو خالی اسامی پر کیا گیا۔

میں سے زیادہ تر افسوسناک حادثات کی وجہ گھروں کے اندر ناقص وائرنگ، بجلی سے چلنے والی اشیاء کے غیر محفوظ استعمال یا کنڈا سسٹم اور بجلی کے کھمبوں پر کیبل کا غیر قانونی استعمال ہے۔ نیپرا نے شہریوں کی مبینہ اموات اور بجلی کے تعطل کے سلسلے میں 6 ستمبر، 2019 کو KE کے خلاف شوکاز نوٹس جاری کیا، جس میں اس بات کو بھی تسلیم کیا گیا کہ بیشتر حادثات KE کے دائرۂ کار سے باہر تھیں۔ KE ایک ذمہ دار ادارہ ہے اور ان الزامات کی تردید کرتے ہوئے نیپرا کو ایک تفصیلی جواب دے گا اور اس حوالے سے درکار تمام حفاظتی اقدامات بروئے کار لائے جائیں گے۔ اس کے ساتھ ساتھ، KE پاور انفراسٹرکچر میں بہتری کے لئے کوشاں ہیں جس سے بجلی کی فراہمی میں اعتبار اور تحفظ دونوں کو مزید بہتر کیا جاسکے گا۔

سالانہ اجلاسِ عام برائے مالی سال 2018

مالی سال 2018 کے مالی گوشواروں کے حتمی اعداد کی تیاری میں تاخیر کی وجہ مالی سال 2017 کے آڈٹ شدہ مالی گوشواروں کی عدم تکمیل تھی، لہٰذا مالی سال 2018 کے AGM کے انعقاد میں تاخیر ہوئی۔ مالی گوشواروں کی تکمیل اور مالی سال 2017 کے لئے AGM کے انعقاد میں تاخیر کی وجوہات اور حالات، جو کہ کمپنی کے اختیار سے باہر تھے، دو ماہ قبل جاری ہونے والی کمپنی کی سالانہ رپورٹ برائے مالی سال 2017 میں ان کی مکمل وضاحت کردی گئی ہے۔ مالی سال 2017 کے مالی گوشواروں کو 30 جولائی، 2019 کو منعقد ہونے والے AGM میں شیئر ہولڈرز کی جانب سے منظور کیا گیا تھا، اور اس کے بعد سے، مالی گوشوارے برائے مالی سال 2018 کی تکمیل اور آڈٹ کے عمل کو تیزی سے بڑھایا گیا۔ آڈیٹرز کی جانب سے تصدیق ہوجانے کے بعد، کمپنی نے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے زیادہ سے زیادہ مورخہ 15 نومبر 2019 تک AGM برائے مالی سال 2018 کے انعقاد کے لئے درخواست دی، جس کی اجازت SECP نے اپنے مراسلے مؤرخہ 11 ستمبر، 2019 کے ذریعے فراہم کی۔ چنانچہ، بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کی منظوری کے ساتھ، کمپنی کے آڈٹ شدہ مالی گوشوارے برائے اختتامِ سال 30 جون، 2018 کی منظوری کے لئے AGM برائے مالی سال 2018 کا انعقاد 4 نومبر، 2019 کو طے کیا گیا ہے۔

آڈیٹرز کا تبصرہ/جائزہ

آڈیٹرز کی جانب سے اراکین کو اپنی رپورٹ میں دیئے جانے والے جائزے/تبصرے کے حوالے سے بذریعہ ہٰذا مطلع کیا جاتا ہے کہ:

مالی گوشواروں کے نوٹ 31.1.1 میں دی گئی وضاحت کے مطابق، تاخیر سے ادائیگی کے سرچارج/سود (Interest) کا معاملہ، بغیر کسی تاخیری ادائیگی سرچارج/سود واجبات اور ادائیگیوں کے یکساں برتاؤ کے ساتھ صافی (Net) بنیادوں پر طے کیا جائے گا اور اس حوالے سے حاصل کی جانے والی قانونی آراء، کمپنی کے بیان کی باضابطہ معاونت کرتی ہیں۔ ہر چند یہ کہ کمپنی نے احتیاطی طور پر صافی (Net) بنیادوں پر پروویژن کررکھا ہے۔

کوڈ آف کارپوریٹ گورنینس (CCG) کے ضوابط 2017 کی تعمیل

a) ڈائریکٹرز کی مجموعی تعداد — 12
- a. خواتین — کوئی نہیں
- b. مرد — 12

تشکیلی ساخت
- i. خودمختار ڈائریکٹر — 1
- ii. دیگر نان ایگزیکٹیو ڈائریکٹرز — 10
- iii. ایگزیکٹیو ڈائریکٹر — 1

b) بورڈ کمیٹیوں کے اراکین کے نام اس سالانہ رپورٹ کے سیکشن ”کمپنی پروفائل“ کے تحت ”کمپنی کی معلومات“ میں دیئے گئے ہیں۔

c) کمپنیز ایکٹ 2017 کے سیکشن 170 اور کمپنی کے آرٹیکلز آف ایسوسی ایشن کے آرٹیکل 61 کے مطابق، KE بورڈ آف ڈائریکٹرز کو ڈائریکٹرز کے مشاہرے اور بورڈ اور بورڈ کمیٹیوں کے اجلاسوں میں شرکت کے لئے فیس کے تعین کا اختیار حاصل ہے۔ ڈائریکٹرز کے مشاہرے کے تعین کے لئے پالیسی فریم ورک بشمول CCG 2017 کے لوازمات کے مطابق خودمختار کنسلٹنٹ کے تقرر کو حتمی شکل دی جارہی ہے۔

d) مشاہرے کی مجموعی رقم، ایگزیکٹیو اور نان ایگزیکٹیو ڈائریکٹرز کے لئے علیحدہ، بشمول تنخواہ/فیس، مراعات، اور کارکردگی کی بنیاد پر دی جانے والی مراعات وغیرہ کی تفصیلات مالی گوشواروں کے نوٹ 44 میں موجود ہیں۔

فی الحال زیرِ تعمیر نیوکلیئر پاور پلانٹس KANUPP II/III سے 500kV وولٹیج کی سطح پر 500 میگاواٹ بجلی کی درآمد کے لئے پاکستان اٹامک انرجی کمیشن (PAEC)، NTDC اور CPPA سے بات چیت کے مراحل میں ہے۔

لیکوئیڈیٹی اور مجموعی سرمایہ کاری (Capital) کے خدوخال

مالی معلومات

30 جون، 2016 سابقہ MYT کی میعاد ختم ہونے کے بعد اور 22 مئی، 2019 کو MYT کے فیصلے کے نوٹیفکیشن تک، ٹیرف میں ہونے والی تبدیلیوں بشمول فیول ایڈجسٹمنٹ کے دعوے معطل رہے۔ اس سے کمپنی کے ورکنگ کیپیٹل کی ضروریات میں بے پناہ اضافہ ہوا ہے جسے بینکوں کی جانب سے بھرپور اور مسلسل تعاون کے ذریعے پورا کیا جارہا ہے، جنھوں نے کمپنی کے لئے ایک مستحکم ٹیرف کے موقف کی تائید کی تھی۔ MYT کے فیصلے کے اعلامیے کے بعد، کمپنی نے جولائی 2016 سے جون 2019 تک کی میعاد کے لئے نیپرا میں ٹیرف میں ہونے والی تبدیلیوں بشمول فیول ایڈجسٹمنٹ کے دعوے دائر کردیئے ہیں، جن کے نتیجے کا انتظار ہے۔

علاوہ ازیں، بینکوں نے بھی کمپنی کے طویل المیعاد پیداواری پراجیکٹس کے لئے سرمائے کی فراہمی میں گہری دلچسپی کا اظہار کیا ہے، یہ پراجیکٹس بجلی کی موجودہ قلت اور بجلی کی بڑھتی ہوئی طلب کے درمیان خلاء کو پُر کرنے کے لئے کلیدی اہمیت رکھتے ہیں۔

اسلامک کمرشل پیپر

اگست 2019 میں، کمپنی نے 8 ارب روپے مالیت کا نجی طور پر تخصیص کردہ اسلامک کمرشل پیپر جاری کیا، جسے کمپنی کی عملی سرمائے کی ضروریات کو پورا کرنے کے لئے استعمال کیا گیا۔

سرکاری اداروں اور محکموں سے واجب الوصول رقوم میں اضافہ

گردشی قرضے کا مسئلہ بجلی کے شعبے اور اس کے استحکام پر گہرے اثرات مرتب کرتا ہے اور اس حوالے سے مختلف سرکاری اداروں اور محکموں کی جانب کمپنی کی واجب الوصول رقوم میں مسلسل اضافہ کمپنی کے لئے تشویش کا باعث ہے۔

کمپنی واجب الوصول اور واجب الادا رقوم کے مسئلے کے منصفانہ حل کے لئے متعلقہ اسٹیک ہولڈرز کے ساتھ مسلسل رابطے میں ہے، اور کمپنی کی جانب سے یہ بات بار بار دہرائی جاچکی ہے کہ کمپنی اور سرکاری شعبے کے اداروں کے درمیان تمام تر مالی تصفیوں کو، خواہ وفاقی ہوں یا صوبائی، منصفانہ اور مساوی طور پر حل کرنا چاہیئے۔

جولائی 2019 تک مختلف وفاقی اور صوبائی سرکاری شعبہ جاتی اداروں سے کمپنی کی مجموعی قابل الوصول رقم کم و بیش 196 ارب روپے تھی جو کہ کمپنی کی واجب الادا رقوم 109 ارب روپے کا تقریباً دگنا تھیں۔ اس واجب الادا رقم میں سے، صرف 13.7 ارب روپے (بشمول GIDC کی مد میں قابلِ واپسی 4.67 ارب روپے) کی اصل پرنسپل رقم جو سوئی سدرن گیس کمپنی (SSGC) کو گیس کی فراہمی کے نتیجے میں ادا کرنی ہے، جبکہ باقی ماندہ واجبات CPPA / NTDC اور دیگر وفاقی اور صوبائی سرکاری شعبہ جاتی اداروں سے متعلقہ ہیں۔ SSGC کی جانب سے دعویٰ شدہ بقیہ رقم مارک اپ یا سود کی شمولیت کے ذریعے مجموعی طور پر زیادہ/اضافی ظاہر کی گئی ہے، جسے معزز عدالت میں چیلنج کیا جاچکا ہے اور یہ تاحال زیرِ سماعت ہے۔

مزید برآں، جولائی 2019 تک کراچی واٹر اینڈ سیوریج بورڈ (KWSB) سے بھی کم و بیش 32 ارب روپے کمپنی کو واجب الوصول ہیں۔ تاہم، KWSB کی اہمیت کو مدنظر رکھتے ہوئے اور کراچی کے عوام کے بہتر مفاد میں، کمپنی KWSB کے تمام اہم پمپنگ اسٹیشنز پر بجلی کی ترجیحی بنیادوں پر فراہمی جاری رکھے ہوئے ہے، اور اس کے ساتھ ساتھ اس مسئلے کے فوری اور منصفانہ حل کے لئے متعلقہ اسٹیک ہولڈرز سے بھی رابطے میں ہے۔

مون سون 2019 میں موسلا دھار بارشوں کے باعث پیش آنے والے حادثات

کمپنی کو حالیہ موسلا دھار بارشوں کے دوران رونما ہونے والے افسوسناک حادثات پر بے حد افسوس ہے اور لواحقین کے ساتھ ہمدردی ہے۔ کمپنی مختلف اسٹیک ہولڈرز بشمول نیپرا کے ساتھ تفتیشی عمل میں مکمل تعاون کررہی ہے۔ بارشوں سے پہلے، پاور یوٹیلیٹی نے کئی احتیاطی اقدامات لئے جن میں حفاظتی مینٹننس، پاور انفراسٹرکچر کے معائنے اور آن گراؤنڈ ٹیموں کی صلاحیت میں اضافہ شامل ہے۔ KE نے ٹی وی، پرنٹ اور سوشل میڈیا، ایس ایم ایس اور اسکول/درسگاہوں کے طلباء اور سماجی حلقوں کے ساتھ ساتھ شہر بھر میں حفاظتی بینرز کی تنصیب کے ذریعے موسمِ برسات میں حفاظتی اقدامات کے لئے آگاہی فراہم کی۔ کمپنی نے شہر کی انتظامیہ، قدرتی آفات سے نمٹنے والے اداروں اور تمام متعلقہ اسٹیک ہولڈرز کو بھی بارش کی پیشگوئیوں کے حوالے سے آگاہ کردیا تھا کیونکہ نکاسیٔ آب کے مسائل اور بڑے پیمانے پر تجاوزات کے ساتھ شہر کا ناقص انفراسٹرکچر ان بارشوں کا متحمل نہیں۔ اس بات سے آگاہ کرنا ضروری ہے کہ اندرونی تحقیقات کی بنیاد پر، ان

ویلیوچین میں جاری سرمایہ کاریاں

کمپنی، کسی خلل کے بغیر بجلی کی فراہمی قابلِ بھروسہ سسٹم اور کسٹمر سپورٹ کو یقینی بناتے ہوئے صارفین کو بجلی فراہم کرنے کے اپنے عزم پر گامزن ہے۔ اس حوالے سے، کمپنی پیداواری ترسیل اور تقسیم کی صلاحیت میں اضافے اور اپنے پورے نیٹ ورک کو زیادہ سے زیادہ قابلِ بھروسہ بنانے کے لئے مسلسل سرمایہ کاری کر رہی ہے۔

کمپنی کا TP-1000 پراجیکٹ، جو کہ 450 ملین امریکی ڈالرز سے زائد لاگت کا حامل ہے، اس پروجیکٹ کی تکمیل مالی سال 2020 کی دوسری سہ ماہی میں متوقع ہے۔ ٹرانسمیشن میں اضافے کے اس بڑے پیمانے کے پراجیکٹ کے تحت، 7 گرڈ اسٹیشنز اور منسلکہ پاور لائنیں، ٹرانسفارمرز اور سوئچیز شامل کیے جائیں گے، جس سے ٹرانسمیشن کی صلاحیت میں 1,000 MVAs سے زائد کا اضافہ ہوگا۔ اس پروجیکٹ کے تحت، اب تک 4 گرڈ اسٹیشنز اور 22 پاور ٹرانسفارمرز کو آن لائن لایا جاچکا ہے، جس سے پاور ٹرانسفارمیشن کی صلاحیت میں 764 MVAs کا اضافہ ہوا، اور اس کے ساتھ ساتھ ٹرانسمیشن لائن میں 6 کلومیٹر کا اضافہ اور 39 کلومیٹر کی بحالی کا کام کیا گیا۔

پیداواری محاذ پر، بجلی کی بڑھتی ہوئی طلب کو پورا کرنے کے لئے، کمپنی اپنے ذاتی پیداواری وسائل اور مختلف انڈیپنڈنٹ پاور پروڈیوسرز (IPPs) کے ذریعے پیداواری صلاحیت میں اضافے کے لئے مسلسل کوشاں ہے۔ ذاتی پیداواری صلاحیت کے لئے، KE اپنے بن قاسم پاور کمپلیکس میں 900 میگاواٹ کا RLNG (BQPS-III) پاور پلانٹ لگا رہی ہے۔ اس پراجیکٹ میں منسلکہ ٹرانسمیشن انفراسٹرکچر کی اپ گریڈیشن اور چار گرڈز کی تعمیر بھی شامل ہے منصوبہ بند BQPS-III پراجیکٹ 450 میگاواٹ کے دو یونٹس پر مشتمل ہے جو CCGT کنفیگریشن پر چلیں گے۔ RLNG کو ایک مسابقتی بولی کے عمل کے ذریعے خریدا جائے گا جس سے KE کو فیول کی مسابقانہ قیمت یقینی بنانے میں مدد ملے گی۔ یہ پلانٹ F- کلاس مشینوں پر مبنی ہے جو ماحولیاتی مطابقت کے لئے جدید ترین ٹیکنالوجی، پہلے سے بہتر خشک پست (DLN) NOX کی عمل پذیری کی حامل ہیں اور آتشگیر درجۂ حرارت کے دباؤ کے امکانات ختم کرتی ہیں۔ پراجیکٹ کی کمیشننگ 2021 میں متوقع ہے۔ پراجیکٹ کے لیے EPC کی بولیوں کا تیکنیکی اور مالی طور پر تجزیہ کرلیا گیا ہے؛ ترجیح یافتہ بولی دہندہ کے ساتھ EPC معاہدے کے لئے گفت وشنید جاری ہے اور ساتھ ہی پروجیکٹ RLNG کی خریداری کا عمل بھی جاری ہے۔

ذاتی پیداواری پراجیکٹس کے علاوہ، گزشتہ تین سال کے دوران ہم نے طویل المیعاد بجلی کی خریداری کے معاہدوں (PPAs/EPAs) کے تحت چار IPPS کو شامل کیا ہے۔

- فوجی پاور کمپنی لمیٹڈ سے 52 میگاواٹ
- شمسی توانائی پر مبنی IPP اورسن جس کی گنجائش 50 میگاواٹ ہے
- سندھ نوری آباد پاور کمپنی لمیٹڈ I اور II سے 101 میگاواٹ (50.5 میگاواٹ x 2)

ایک اور قابلِ تجدید IPP، 50 میگاواٹ کا شمسی توانائی کا پراجیکٹ گھاروسولر بھی متوقع طور پر 2019 کے اختتام تک کمرشل آپریشنز ڈیٹ (COD) کی تکمیل کرلے گا۔

اگلے تین سے چار سالوں میں طلب اور رسد کے درمیان موجود خلاء کو پُر کرنے کے لئے، KE نے گھارو کے علاقے میں واقع تین ہوائی توانائی کے پاور پلانٹس سے 150 میگاواٹ کی اضافی بجلی کی خریداری کے لئے نیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی (NTDC) اور سینٹرل پاور پرچیزنگ ایجنسی (CPPA) کے ساتھ جون 2019 میں معاہدہ کیا اور ان ہوائی توانائی کے پاور پلانٹس سے کامیابی کے ساتھ بجلی حاصل کی جارہی ہے۔

اس کے علاوہ، KE پورٹ قاسم، کراچی میں 700 میگاواٹ کے کوئلے کے پاور پلانٹ کے لئے چائنہ مشینری انجینئرنگ کارپوریشن (CMEC) کے ساتھ انجینئرنگ پریکیورمنٹ اینڈ کنسٹرکشن کنٹریکٹ (EPC) کے معاہدے کو حتمی شکل دینے کی جانب بھی گامزن ہے۔ یہ پاور پراجیکٹ پہلے ہی نیپرا سے منظور شدہ ٹیرف حاصل کرچکا ہے، تاہم، وزارتِ توانائی (پاور ڈویژن) کی جانب سے اس کا نوٹیفیکیشن زیرِ التواء ہے۔ اس بات کو واضح کرنا ضروری ہے کہ ٹیرف کے نوٹیفیکیشن میں مزید تاخیر سے پراجیکٹ کے COD پر منفی اثر پڑے گا، اور نتیجتاً اس کے اثرات طلب اور رسد کے درمیان موجود خلاء پر مرتب ہوں گے۔ طلب ورسد کے درمیان خلاء کو پُر کرنے کے علاوہ، 700 میگاواٹ کا پراجیکٹ KE کے فیول کے امتزاج میں تنوع پیدا کرے گا اور فرنس آئل کے استعمال کو رفتہ رفتہ کم کرے گی جو کہ نسبتاً زیادہ مہنگا اور امپورٹڈ فیول ہے۔ اسی طرح، اس پراجیکٹ کے ذریعے، صارفین کو سستی بجلی فراہم کی جاسکے گی اور اس کے ساتھ ساتھ فیول کی لاگت سے ہونے والی خاطر خواہ بچت سے قومی خزانے پر مثبت اثرات مرتب ہوں گے۔

کیپٹیو پاور کے حصول کے لئے KE، Lotte کیمیکلز پاکستان لمیٹڈ سے 11 سے 14 میگاواٹ تک کی خریداری کے مراحل میں ہے۔

مزید برآں، کمپنی 450 میگاواٹ کے RLNG پر مبنی پاور پلانٹ اور بلوچستان کے علاقے میں 100 میگاواٹ کے شمسی توانائی سے پیداوار کی منصوبہ بندی کر رہی ہے۔ اس کے علاوہ، KE

ڈائریکٹرز رپورٹ

ہم، بورڈ آف ڈائریکٹرز کی جانب سے سال مختتمہ 30 جون، 2018 کے حوالے سے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ کمپنی کی سالانہ رپورٹ پیش کرتے ہوئے خوشی کا اظہار کرتے ہیں۔ ان اکاؤنٹس میں ملٹی ایئر ٹیرف (MYT) کی تکمیل کے باعث تاخیر ہوئی جواب نافذ العمل ہے۔ تاہم، ٹیرف کی سطح میں کمی اور اس کے ہمراہ خدوخال میں تبدیلی نمایاں مضمرات کی حامل ہے، جن پر کمپنی نے اپنے تحفظات اپلیٹ ٹربیونل میں دائر کر رکھے ہیں جو کہ اپلیٹ ٹربیونل کے فعال ہوتے ہی سنوائی کے لئے پیش کیئے جائیں گے۔

مالی کارکردگی

آمدنی (ملین)

Rs. 217,127 Mn	2018	+18%
Rs. 183,855 Mn	2017	

EBITDA (ملین)

Rs. 32,422 Mn	2018	+26%
Rs. 25,818 Mn	2017	

صافی نفع/نیٹ پرافٹ (ملین)

Rs. 12,312 Mn	2018	+18%
Rs. 10,419 Mn	2017	

آمدن فی حصص

Rs. 0.45	2018	+18%
Rs. 0.38	2017	

مجموعی اثاثہ جات (ملین)

Rs. 473,698 Mn	2018	+20%
Rs. 395,943 Mn	2017	

مجموعی ایکویٹی (ملین)

Rs. 207,293 Mn	2018	+12%
Rs. 184,316 Mn	2017	

PPE[1] پر منافع (فیصد)

4.44%	2018	+0.06 pp
4.38%	2017	

ایکویٹی پر منافع (فیصد)

5.94%	2018	+0.29 pp
5.65%	2017	

1. PPE: Property, Plant & Equipment

مالی سال 2018 کے دوران، بنیادی مالیاتی اور عملی شناخت کنندہ عوامل نے مستحکم ترقی کی راہ ہموار کی، نتیجتاً کمپنی کی مالیت میں نمایاں بہتری آئی اور مالی سال 2017 کے مقابلے میں EBITDA 26% اضافے کے ساتھ 32,422 ملین روپے ہوگیا (مالی سال 2017: 25,818 ملین روپے)۔

ویلیو چین میں سرمایہ کاریوں کی بدولت، کمپنی نے عملی طور پر ترقی کا سفر جاری رکھا، اور توقع ہے کہ سرمایہ کاری کے نمایاں منصوبے کے باعث ترقی کا رجحان مزید بڑھے گا۔ دورانِ سال، کمپنی کے ٹرانسمیشن اور ڈسٹری بیوشن (T&D) نقصانات مالی سال 2017 کے مقابلے میں 21.7 فیصد سے کم ہو کر 20.4 فیصد ہو گئے۔ T&D نقصانات میں کمی اور یونٹس کی نسبتاً زیادہ ترسیل (مالی سال 2018: 17,419 GWh ؛ مالی سال 2017: 16,580 GWh) کمپنی کے پہلے سے بہتر مالی نتائج کا ذریعہ بننے میں اہم عوامل رہے۔

علاوہ ازیں، تمام تر مرکزی افعال میں جاری سرمایہ کاریوں سے کمپنی کی جائیداد، پلانٹ اور ایکوپمنٹ میں 39,672 ملین روپے کا صافی اضافہ ہوا اور بیلنس شیٹ 473,698 ملین روپے کے مجموعی اثاثوں (مالی سال 2017: 395,943 ملین روپے) کے ساتھ مستحکم پوزیشن میں رہی۔

عملی کارکردگی

مختلف چیلنجز کے باوجود اپنے صارفین کو بجلی کی قابلِ بھروسہ اور محفوظ فراہمی کے مقصد سے ہم آہنگ رہتے ہوئے، کمپنی نے 2009 سے 2018 کے درمیان توانائی کی ویلیو چین میں 2.1 بلین امریکی ڈالرز سے زائد کی سرمایہ کاری کی، جس کے نتیجے میں بجلی کی پیداوار میں 1057 میگاواٹ کا اضافہ ہوا، فلیٹ کی مجموعی کارکردگی جو کہ مالی سال 2009 میں 30.4 فیصد تھی، مالی سال 2018 میں بہتر ہو کر 37.4 فیصد ہوگئی، ٹرانسمیشن اور ڈسٹری بیوشن (T&D) نقصانات میں 15.5 فیصد پوائنٹس کی کمی اور T&D صلاحیت میں بالترتیب 29 فیصد اور 60 فیصد اضافہ ہوا۔ عملی کارکردگی میں آنے والی ان بہتریوں کے باعث، آج شہر کا 70 فیصد سے زائد حصہ لوڈشیڈنگ سے مستثنیٰ ہے جبکہ 2010 سے انڈسٹریز 100 فیصد مستثنیٰ ہیں۔

اگرچہ ملٹی ایئر ٹیرف (MYT) جس کا تعین نیپرا کی جانب سے مؤرخہ 5 جولائی، 2018 کو کیا گیا، جو کہ سابقہ MYT (2009 تا 2016) سے بڑی حد تک مختلف ہے اور اپنے اندر نمایاں مضمرات رکھتا ہے، یہ بات زیرِ غور رکھنا اہم ہے کہ ٹیرف کنٹرول میعاد کے ابتدائی دو سال (مالی سال 17 اور مالی سال 18) کے دوران، کمپنی نے نان پراجیکٹ (جنریشن اور ٹرانسمیشن) اور ڈسٹری بیوشن کیپکس (Capex) میں MYT کے تحت نیپرا کی جانب سے منظور شدہ سطح سے 17 ارب روپے سے زائد کی سرمایہ کاری کی ہے۔ ٹیرف کے حتمی فیصلے میں تاخیر کی وجہ سے پروجیکٹس تاخیر کا شکار ہوئے تاہم کمپنی ویلیو چین میں سرمایہ کاری جاری رکھنے کا عزم رکھتی ہے جس کی بدولت عملی کارکردگی میں مزید بہتری آئے گی اور وسیع پیمانے پر صارفین اس سے مستفید ہوں گے۔

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پراکسی فارم

108واں سالانہ اجلاسِ عام

میں/ہم ______ ساکن ______

______ بحیثیت ممبر کے - الیکٹرک لمیٹڈ

مسمی/مسمات ______ ساکن ______

یا غیر حاضری کی صورت میں مسمی/مسمات ______

ساکن ______

کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاس عام میں جو بروز **پیر، 4 نومبر 2019 صبح 10:30 بجے** پرل کونٹی نینٹل (پی سی)، گرینڈ بال روم (گراؤنڈ فلور) کلب روڈ، کراچی میں منعقد ہو رہا ہے یا اس کے ملتوی شدہ اجلاس میں شرکت کر سکیں اور ووٹ ڈال سکیں۔

دستخط ______ بروز ______ بتاریخ ______ 2019

حصص کی تعداد ______

شیئر ہولڈر کا فولیو/اکاؤنٹ نمبر ______

شناختی کارڈ نمبر

دستخط ______

رسیدی ٹکٹ
RS 5

دستخط کمپنی میں رجسٹرڈ نمونے کے مطابق ہونا ضروری ہے

حامل پراکسی کا فولیو/اکاؤنٹ نمبر ______

حامل پراکسی کا شناختی کارڈ نمبر

دستخط ______

گواہان ______

دستخط ______

نام گواہ ______

شناختی کارڈ نمبر ______

پتہ ______

گواہان ______

دستخط ______

نام گواہ ______

شناختی کارڈ نمبر ______

پتہ ______

نوٹ

1- نمائندے کو مختار بنانے کے لئے مناسب طریقے سے مکمل شدہ فارم میٹنگ کے مقررہ وقت سے کم از کم 48 گھنٹے قبل کمپنی سیکریٹری کو کارپوریٹ افیئرز ڈیپارٹمنٹ، فرسٹ فلور بلاک A ، پاور ہاؤس، ایلینڈر روڈ، کراچی پر موصول ہونا چاہیئے۔

2- حامل پراکسی **کمپنی کا ممبر** ہونا ضروری ہے لیکن اگر کوئی کمپنی اپنے کسی ملازم کو پراکسی دینا چاہے تو اس کے لئے پاور آف اٹارنی اور/یا بورڈ ریزولوشن کی تصدیق شدہ کاپی منسلک کرنی ہوگی۔

3- اگر حامل پراکسی CDC کا ممبر ہے تو اس کے **شناختی کارڈ/پاسپورٹ کی تصدیق شدہ کاپی** لازمی منسلک ہونی چاہیئے۔

4- اجلاس میں شرکت کے وقت پراکسی کو اپنا اصل شناختی کارڈ یا اصل پاسپورٹ پیش کرنا لازمی ہے۔

5- اگر ممبر ایک سے زائد پراکسی نامزد کریں اور ممبر کی جانب سے کمپنی کے ساتھ پراکسی کے ایک سے زائد دستاویزات جمع کروائے جائیں پراکسی کے تمام دستاویزات مسترد قرار دیئے جائیں گے۔

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Karachi, Pakistan.

FORM OF PROXY

108th Annual General Meeting

I / we ______________________________________ of ____________________ being a member(s) of **K-Electric Limited,** hereby appoint Mr. ________________________________ of ____________________,or failing him / her Mr. ____________________________ of ____________________ as my / our proxy to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held at Pearl Continental (PC) Hotel, Grand Ball Room (Ground Floor), Club Road, **Karachi on Monday, 4 November 2019 at 10:30 a.m.** or at any adjournment thereof.

As witnessed given under my / our hand(s) this ______________ day of ______ 2019.

Shares held ____________________________________

Shareholder's Folio / Account # ____________________________________

CNIC #

Revenue Stamp of Rs.5

Signature ______________________________________

The signature should agree with specimen signature registered with the Company.

Proxy Holder's Folio / Account # ____

Proxy Holder's CNIC #

Signature

1. Witness: ____________________	2. Witness: ____________________
Signature: ____________________	Signature: ____________________
Name: ____________________	Name: ____________________
CNIC: ____________________	CNIC: ____________________
Address: ____________________	Address: ____________________

Note:

1. Duly completed Form of Proxy must be deposited to the Company Secretary at Corporate Affairs Department, 1st Floor, Block A, Elander Road Power House, Karachi no later than 48 hours before the time fixed for the meeting.
2. Proxy must be given to a person who is a **member of the Company,** except in the case of Companies where the proxy may be given to any of its employee for which certified true copy of Power of Attorney and / or Board Resolution with regard to appointment of proxy should be attached.
3. In case the proxy is the beneficial owner of CDC, **an attested copy of his / her CNIC** or Passport must be enclosed.
4. The proxy shall produce **his / her original CNIC or original passport** at the time of the meeting.
5. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of **proxy shall be rendered invalid.**

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