

# Report For The Nine Months Ended 31 March 2016

## Energising Karachi – Empowering Lives



Serving over **22 million** lives spread across Karachi and Gharo in Sindh, and Hub, Uthal, Vindar and Bela in Balochistan



Providing **24/7** customer support through **800** field teams



Enabling NGOs through our Social Investment Programme that helps us impact over **8 million** lives



**E n e r g y   T h a t   M o v e s   L i f e**

Report For The Nine Months  
Ended 31 March 2016

# K-Electric Limited

## Company Information

### Board of Directors (BOD)

Waqar Hassan Siddique Chairman  
Muhammad Tayyab Tareen CEO  
Aziz Moolji  
Chaudhary Khaqan Saadullah Khan  
Frederic Sicre  
Khalid Rafi  
Mubasher H. Sheikh  
Muhammad Zubair Motiwala  
Nayer Hussain  
Noor Ahmed  
Omar Khan Lodhi  
Shan A. Ashary  
Zafar Abbas

### Board Audit Committee (BAC)

Khalid Rafi Chairman  
Aziz Moolji Member  
Mubasher H. Sheikh Member  
Nayer Hussain Member

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

Omar Khan Lodhi Chairman  
Muhammad Tayyab Tareen Member  
Shan A. Ashary Member

### Board Finance Committee (BFC)

Shan A. Ashary Chairman  
Muhammad Tayyab Tareen Member  
Nayer Hussain Member  
Aziz Moolji Member

### Chief Financial Officer

Syed Moonis Abdullah Alvi

### Company Secretary

Muhammad Rizwan Dalia

### Chief Internal Auditor

Khalilullah Shaikh

### Legal Adviser

Abid S. Zuberi & Co.

### External Auditors

KPMG Taseer Hadi & Company,  
Chartered Accountants

### Share Registrar

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block "B", SMCHS,  
Main Shahrah-e-Faisal, Karachi. Office: 111-111-500

### Bankers

Albaraka Bank (Pakistan) Limited  
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  
Citibank N.A.  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
First Women Bank Limited  
Habib Bank Limited  
Industrial & Commercial Bank of China Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Overseas Private Investment Corporation  
Samba Bank Limited  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Standard Chartered Bank London Branch  
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](http://www.ke.com.pk)  
UAN: 111-537-211



# K-Electric Limited

## Directors' Review

I am pleased to present the Condensed Interim Financial Information (un-audited) of K-Electric Limited (KE) for the nine (9) months period ended 31 March 2016, on behalf of the Board of Directors and in compliance with section 245 of the Companies Ordinance, 1984.

Key operational and financial highlights are summarized below:

	<b>JUL-MAR 2016</b>	<b>JUL-MAR 2015</b>
<b><u>OPERATIONAL</u></b>	<b>(UNITS - GWh)</b>	
Units generated (net of auxiliary)	6,697	5,898
Units purchased	5,141	5,512
Total units available for distribution(sent out)	11,838	11,410
Units billed	9,137	8,746
Transmission & Distribution Losses	22.8%	23.4%
	<b>(PKR - MILLIONS)</b>	
<b><u>FINANCIAL</u></b>		
Revenue	133,087	139,350
Profit before taxation	15,275	10,777
Taxation - net	7,520	5,504
Net profit for the period	22,795	16,281
Earnings per share (EPS) -BASIC/DILUTED	0.83	0.59
	(Rupees)	
Earning Before Interest, Tax, Depreciation and Amortization (EBITDA)	28,862	25,608

### **FINANCIAL REVIEW:**

The Company earned a profit after tax of PKR 22,795 million which translated into EPS of PKR 0.83 compared to a profit after tax of PKR 16,281 million and EPS of PKR 0.59 for the corresponding period last year showing a growth of 40 % in profit after tax. This is attributed to continuous and sustained improvement in Transmission and Distribution Losses which reduced further by 0.6%, improved contribution margin due to gains resulting from additional sent out units and higher thermal efficiencies. Finance cost has considerably reduced by 47% compared to corresponding period last year due to declining interest rates and prepayment of expensive long term financing, in addition to decline in working capital requirements mainly due to lower Furnace Oil prices. Moreover, the Company has been able to reduce its debt burden through efficient working capital management despite non-payment of energy dues by Karachi Water & Sewerage Board and City District Government.

### **ACTIVITIES UNDER REVIEW**

#### **GENERATION EXPANSION and REHABILITATION**

During the period under review, KE's own fleet generation improved by 13.28% to 7233 GWh, as compared to the corresponding period of last year.

The project to convert open cycle Gas Engine plants at KGTPS and SGTPS into combined cycle by installation of 32 HRSGs and one Steam Turbine and additional grid work at each station is in the final stages of completion. Reliability test run already completed at KGTPS. PTOC at both stations expected in the coming few weeks.

Total average gas supplied during the period under review was 179 MMCFD as compared to 164 MMCFD in the corresponding period of last year, resulting in increased generation from gas fired plants.

In order to improve the plant reliability, a spare gas turbine engine has been procured for KCCPP. This will help better manage the planned as well as forced outages and will reduce generation losses.

### **TRANSMISSION NETWORK**

In order to enhance the capacity and reliability of EHT network and to meet the long term load evacuation requirement, following is the progress achieved during the period:

TRANSMISSION PROJECT (TP-1000): Transmission Project (TP-1000) will increase the transmission capability by serving additionally 1000 MVA through the EHT Network post-2018; representing almost 30% increase over the existing capability. The Project is presently under basic design phase, where mostly the data verification for existing system and soil investigation / route profiles are being carried out with discussions on general layouts of the new grid stations. Advance payment to consortium of contractors has been released and work has been mobilized.

AGA KHAN (KE DEDICATED PART): Submittals are currently under design review. Material ordering completed and site activity has started from January 2016 and is in progress.

LYARI-MAURIPUR UNDERGROUND CABLE PROJECT: Design review & environmental impact assessment is in progress and material ordering completed. FAT of GIS witnessed, material is ready for dispatch and site activity will start shortly.

FTC GRID STATION: The contractor is fully mobilized and started boundary wall works. Civil material approval is in progress.

#### GRID EXPANSION PROJECTS:

- \* Dhabeji Grid: Existing 20MVA transformer upgraded to 40MVA alongside construction of a new 11kV yard to cater increased loading requirements.
- \* Qayumabad Grid: Has undergone a similar expansion in terms of new 40MVA Transformer and 11kV Yard installation, to cater additional load growth. Completed in November-15.
- \* BOC Grid: Upgraded its existing 23 MVA transformer to 40MVA in February 16 leading to cater to additional load in the area.

CAPACITY ENHANCEMENT/RESTORATION PROJECT: includes replacement of faulty transformers with a new 40 MVA transformers at Clifton, Gizri and West Wharf Grid, upgraded 20 / 30 MVA transformers to 40 MVA at Federal-B Area, Site, and KDA Grid Stations a faulty 20/23 MVA transformer at Port Qasim Grid Station was replaced with a new 40 MVA, fifty (50) new 11KV switches installed at Gulshan, Airport, Qayyumabad, Baldia, KDA and Defence Grid Stations as part of system improvement plan to convert double cable feeders to single cable and cater to additional load growth.

GIS REHABILITATION PROJECT: A major 3 year endeavor has been initiated by GSM to rehabilitate the old GIS Bays across various key 220kV and 132kV grid locations, involving a total of 85 GIS Bays. The project scheme, estimated to have upwards of PKR 2 Billion project cost, is an extremely important step towards increasing the reliability of the grid network.

S&K EXPANSION PROJECTS: KGTPS and SGTPS Generation Expansion Projects include the following infrastructure:-

- \* KGTPS-II New GIS Grid Station (14 Bays): GIS Energized and Commissioned, five (05) bays have already been commissioned after shifting them from old AIS to New GIS. Remaining by 15th May.
- \* SGTPS-II New GIS portion (4 Additional Bays) for safe evacuation of Steam Turbine Load: GIS energized and is presently under commissioning.

## **DISTRIBUTION**

The city witnessed early summers in the current year where average temperatures during March were recorded higher than last year. Despite the surge in temperatures, a further reduction of 0.6 % (T&D) loss was achieved. Whereas Recovery Ratio (RR) excluding Public Sector Consumers (PSC), during the period under review stood at 90.8% while recoveries from PSC stood at 76.2%. The low recovery ratio from PSC was mainly due to non-payment by Karachi Water and Sewerage Board (KWSB), City District Government Karachi (CDGK) & Sindh Police. However, the company has made progress with the government on the settlement of old recoveries and is anticipating improvement in the last quarter.

As part of the on-going process for distribution/ network maintenance and upkeep, focused Summer Plan (SP) was executed to enhance system performance & improve distribution network reliability. During the period under review, maintenance program was conducted on hotspots areas of Low Tension and High Tension networks catering to 257 feeders. SP resulted reduction in power interruptions and subsequent reduction of consumer complaints. Further, Company effectively executed preventive maintenance on an additional 142 feeders resulting in significant reduction in feeder tripping, augmenting the network strength. Building up on the commitment to provide uninterrupted power, our teams are also working on a comprehensive maintenance plan as part of our upcoming summer preparations to further improve the distribution system. Over 500 feeders are being rehabilitated under various projects. Additionally, new feeders are also being added to the system in order to enhance system reliability.

Customer service continued to be at the core of the Company's strategy and a number of initiatives have been taken to enhance customer satisfaction. KE became the first-ever distribution company in Pakistan to earn an ISO 9001- 2008 Certification for its Integrated Business Center (IBC) and till date Seventeen (17) IBCs and Four (4) departments have achieved this Certification. Moreover, KE has initiated e-Bill payment solution with major banks at branch level through Utility Bill Control Switch (UBCS) aiming to eliminate manual processing, control invalid transaction processing and improve overall data processing standards.

## **STRATEGY AND BUSINESS DEVELOPMENT**

KE is also developing a (350 x 2 MW) greenfield coal power project at Port Qasim, for which it has signed a Joint Development Agreement (JDA) with China Datang Overseas Investment Co. Ltd (CDTO) and China Machinery Engineering Corporation (CMEC). Land has been acquired by K-Electric for the Project and project studies including GIS, Geotechnical, Bathymetry, coal logistics and EIA are completed. Bankable Feasibility Study by Chinese Design Institute has also been completed, while Project Agreements (PPA, EPC, CSA, O&M, Security Agreements, and Shareholders' Agreement) are under advanced negotiations. Financing options are being finalized and Financial Close of this Project is expected by Q4, 2016. Post balance sheet date, KE BOD has approved incorporation of a new joint venture private limited company under the Companies Ordinance 1984 to jointly establish the project with CDTO and CMEC and KE shall subscribe to shares representing 24% of the initial issued and paid up share capital of the said company.

K-Electric has been engaged with Sindh Nooriabad Power Company (Pvt.) Limited and Sindh Nooriabad Power Company Phase II (Private) Limited for 100 MW (2x50 MW) gas-fired power projects at Nooriabad, Sindh. Power from these projects will be evacuated through an 85 km transmission line being laid by Sindh Transmission & Dispatch Company (STDC) under the Transmission License granted by NEPRA. The Power Purchase Agreements between KE and SNPC/SNPC II have been initialed in February 2016. Project companies and STDC have filed for their respective tariffs and are awaiting NEPRA's approval on the same. The projects have reached advance stage of construction.

K-Electric is pursuing 52 MW power off-take option from coal fired power plant being established by FFBL Power Company. In response to KE's Power Acquisition Request, NEPRA is in the process of determining tariff for the project based on the review petition filed by FPCL in January 2016. The project is in the advance stages of construction. KE and FPCL are in the process of negotiating a power purchase agreement, which shall be finalized upon NEPRA's decision regarding the project tariff.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

**COMMUNITY CONNECT - EYE CAMP:** Eye camps were organized in collaboration with the LRBT at Gazderabad and Orangi Town. A large number of patients were facilitated with free ophthalmic care and basic medicines.

CLIMATE CHANGE - WWF TREE PLANTATION: As part of the MoU signed between KE and WWF, plantation of 20,000 Mangrove trees has started at WWF's Wetland Centre at Hawk's Bay, Karachi and at Keti Bunder. Additional 30,000 Mangrove saplings and other trees are being planted in collaboration with the Pakistan Navy. In total K- Electric will plant 60,000 trees by the end of June.

AWARDS AND ACCOLADES: KE won two CSR awards for Community Impact and Crisis/Disaster Assistance initiatives. The awards were organized by the National Forum for Environment and Health and The Professional's Network respectively.

**BOARD OF DIRECTORS (BOD)**

During the review quarter one of GOP's nominees, Mr. Iftikhar Aziz Siddiqui was replaced and substituted with Mr. Muhammad Zubair Motiwala. The Board welcomes the incoming director on KE BOD and appreciates services of outgoing director.

**ACKNOWLEDGEMENTS**

The Board wishes to extend its gratitude to the shareholders and customers of the Company for their cooperation and support and extends its appreciation to the employees of the Company.

Karachi, 26 April 2016



**Muhammad Tayyab Tareen**  
Chief Executive Officer

# K-Electric Limited

ڈائریکٹرز کی جائزہ رپورٹ

مجھے خوشی ہے کہ میں کمپنیز آرڈیننس 1984 کی شق 245 کی تعمیل میں بورڈ آف ڈائریکٹرز کی جانب سے کے الیکٹرک لمیٹڈ (کے ای) کی مختصر عبوری مالی معلومات (غیر آڈٹ شدہ) 31 مارچ 2016 کو ختم ہونے والے 9 ماہ کی مدت کے لئے پیش کر رہا ہوں۔

جولائی - مارچ 2015	جولائی - مارچ 2016	آپریٹنل
		پیدا کئے گئے یونٹس کی تعداد (مخفی یونٹس کے علاوہ)
5,898	6,697	خریدے گئے یونٹس کی تعداد
5,512	5,141	تقسیم کے لئے دستیاب کل یونٹس (بھیجے گئے)
11,410	11,838	بل کئے گئے یونٹس کی تعداد
8,746	9,137	ترسیل اور تقسیم کے دوران نقصانات
23.4%	22.8%	

(پاکستانی روپوں میں - ملین)	مالی
139,350	حاصل
10,777	قبل از ٹیکس منافع
5,504	ٹیکسیشن - خالص
16,281	مدت کے لئے خالص منافع
0.59	فی حصص آمدنی - بیسک / ڈائیویڈنڈ (روپے)
25,608	قبل از منافع آمدنی، ٹیکس، فرسودگی (EBITDA)

مالی جائزہ:-

کمپنی نے موجودہ عرصہ کے دوران بعد از ٹیکس منافع 22,795 ملین روپے کمایا جس کا EPS 0.83 PKR اور جس کا موازنہ منافع بعد از ٹیکس 16,281 ملین روپے اور PKR 0.59 EPS گزشتہ سال کے اسی عرصہ میں ہوا جس کی نمو منافع بعد از ٹیکس %40 دکھایا گیا اور یہ ترسیل اور تقسیم کے دوران نقصانات میں بہتری سے برداشت کیا جس کے سبب بہتر ترسیل کے مارجن میں %0.6 کی کمی ہوئی جو کہ بھیجے گئے اضافی یونٹس اور زیادہ تھرمل کی استعداد کے نتیجے میں بہتری حاصل ہوئی مالی مصارف میں %47 کی کمی واقع ہوئی جس کا موازنہ گزشتہ سال سے کیا جاسکتا ہے جو کہ طویل مدتی فنڈنگ کے اخراجات کی انٹریٹ ریٹ اور قبل ادا ہونے کے سبب ہوا اس کے علاوہ ورکنگ کیپیٹل میں تخفیف ہوئی یہ فرس آئل کی قیمتوں کی کمی کی وجہ سے ہوا جبکہ KWSB اور CDGK کی طرف سے بلز کی عدم ادائیگی کے باوجود کمپنی اپنی بہترین ورکنگ کیپیٹل انتظامیہ کے توسط سے اپنے قرضہ کے بوجھ میں کمی کرنے کی اہل ہوئی ہے۔

سرگرمیوں کا جائزہ:-

پیداواری صلاحیت میں اضافہ اور بحالی

زیر نظر مدت کے دوران پچھلے سال کے مقابلے میں KE کی اپنی پیداواری فلیٹ میں 7233 GWh (13.28%) کا اضافہ ہوا۔

اوین سائیکل گیس انجن پلانٹس واقع KGTPS اور SGTPS جو کہ 32 HRSGs کی تنصیب سے، ایک اسٹیم ٹربائن اور ہر اسٹیشن پر ایک اضافی گرڈ کی تکمیل کا کام آخری مراحل میں ہے، اس کے علاوہ KGTPS پر ٹیسٹ کا مرحلہ پہلے ہی مکمل کیا جا چکا ہے اور دونوں اسٹیشنوں پر IPTOC گلے چند ہفتوں میں متوقع ہے۔

زیر نظر مدت کے دوران کل گیس کی سپلائی کا تناسب 179 MMCFD تھا جبکہ گزشتہ سال کی مدت کے دوران 164 MMCFD تھا اور گیس فائر پلانٹس سے پیداوار میں اضافہ کا نتیجہ ہے۔

پلانٹ کی کارکردگی کو بہتر کرنے کے لئے KCCPP پر ایک اسپیریٹس ٹربائن انجن نصب کیا گیا ہے جو کہ پلانٹ کو بہتر طریقہ سے منظم کرے گا اور اس طرح سے جنریشن کے خسارے میں بھی کمی آئے گی۔

ترسیل کا میٹ ورک:-

EHT میٹ ورک کی گنجائش کو قابل بھروسہ بنانے کے لئے طویل المیعاد لوڈ ایوا کیو اینٹن کی ضرورت کو اس عرصہ کے دوران پورا کرنے کے لئے درج ذیل اقدامات کئے گئے۔

ٹرانسمیشن پروجیکٹ (TP-1000)

جیسا کہ گزشتہ سہ ماہی کے جائزہ میں بیان کیا جا چکا ہے، ٹرانسمیشن پروجیکٹ (TP-1000) سے ترسیل کی صلاحیت میں اضافہ ہوگا اور EHT میٹ ورک پوسٹ 2018 کے ذریعہ بجلی کی ترسیل



میں 1000MVA کا اضافہ ہوگا جو کہ موجودہ گنجائش کا 30% ہے۔ اس وقت یہ پروجیکٹ بنیادی ڈیزائن کے مرحلہ پر ہے جبکہ موجودہ سسٹم اور تفتیشی اروت پروفائلز کے ڈیٹا کی تصدیق کی گئی ہے اور نئے گرڈ اسٹیشن کے جزل لے آؤٹ پر بات چیت جاری ہے۔ ٹھیکیداران کے کنسورشیم کو ایڈوائس رقم جاری کر دی گئی ہے اور کام شروع ہو چکا ہے۔

آغاخان (کے الیکٹریک کی جانب سے وقف شدہ حصہ)۔

ڈیزائن کے حوالے سے پیشکشوں کا جائزہ لیا جا رہا ہے، میٹر میل کا آرڈر دیا جا چکا ہے جبکہ سائٹ پر سرگرمی کا آغاز بھی جنوری 2016 میں ہو چکا ہے۔

لیاری ماڈی پوریز زمین کیبل پروجیکٹ۔

ڈیزائن اور ماحولیاتی اثرات کا جائزہ لیا جا رہا ہے اس سلسلے میں میٹر میل کا آرڈر بھی دے دیا گیا ہے GIS کا FAT اس بات کا گواہ ہے کہ میٹر میل پہلے ہی ترسیل کے لئے تیار ہے اور سائٹ پر سرگرمی بھی جلد شروع کی جائے گی۔

FTC گرڈ اسٹیشن۔

ٹھیکیدار نے مکمل معائنہ کر کے چارڈیواری کا کام شروع کر دیا ہے سول میٹر میل کی منظوری زیر غور ہے۔

گرڈ میں توسیع کا پروجیکٹ۔

دھابے جی گرڈ: دھابے جی میں 20MVA کے ٹرانسفارمر کو اپ گریڈ کر کے 40MVA کے ٹرانسفارمر میں تبدیل کرنے کے علاوہ لوڈ کی بڑھتی ہوئی ضروریات کو پورا کرنے کے لئے 11KVA کا ایک احاطہ کی تعمیر بھی کی گئی ہے۔

قیوم آباد گرڈ: دھابے جی طرز کی ایک توسیع قیوم آباد گرڈ پر بھی کی گئی جہاں 40MVA کے نئے ٹرانسفارمر کی تنصیب کے علاوہ لوڈ کی بڑھتی ہوئی ضروریات کو پورا کرنے کے لئے 11KVA کا ایک احاطہ کی تعمیر بھی کی گئی ہے۔ یہ پروجیکٹ نومبر 2015 میں مکمل ہوا۔

BOC گرڈ: علاقے میں لوڈ کی بڑھتی ہوئی ضروریات کو پورا کرنے کیلئے 23MVA کے ٹرانسفارمر کو 40MVA سے فروری 2016 میں اپ گریڈ کیا گیا۔

گنجائش میں اضافہ پروجیکٹ کی بحالی: ان پروجیکٹس میں کلفٹن، گذری اور ویسٹ و ہارف گرڈ اسٹیشنز میں موجود خراب ٹرانسفارمرز کی 40MVA ٹرانسفارمرز سے تبدیلی، فیڈرل بی ایریا، سائٹ اور KDA گرڈ میں 20/30MVA کے گرڈ کی 40MVA کے گرڈ میں اپ گریڈیشن اور گلشن، ایمر پورٹ، قیوم آباد، بلدیہ، کے ڈی اے اور ڈیفنس کے علاقوں میں 11KV کے پچاس (50) نئے سوئچز کی تنصیب شامل ہیں۔

GIS کی بحالی کا پروجیکٹ: یہ ایک تین سالہ پروجیکٹ ہے جس کا مقصد GIS Bay 85 پر پھیلے ہوئے 220kv اور 132kv کے کلیدی گرڈ مقامات پر پانے GIS Bays کو بحال کرنا ہے۔ یہ پروجیکٹ پراگت کا تخمینہ 2 بلین روپے ہے۔ اور یہ اہم اقدام گرڈ میٹ ورک کی اہمیت میں اضافہ کے لئے ہے۔

S&K توسیعی پروجیکٹ: KGTPS اور SGTPS جزیشن کے توسیعی پروجیکٹس میں درج ذیل انفراسٹرکچر شامل ہیں:

☆ KGTPS-II یا GIS گرڈ اسٹیشن (Bays 14):

GIS کو تکلیف فراہم کر دی گئی ہے اور اس نے کام شروع کر دیا ہے جبکہ پانے AIS کو بند کر کے تمام سپلائرز نے GIS کو منتقل کی جارہی ہیں اور 5 Bays کا پہلے

ہی پانے ASI سے نئے GIS کو منتقل کرنے کے بعد مکمل کر دیا گیا ہے بقیہ 15 مئی تک مکمل ہونگے۔

☆ SGTPS-II یا GIS پورٹن (4 اضافی Bays) اسٹیم ٹرانس کی محفوظ منتقلی:

زیر تفتیش ہے۔ GIS کو لوڈ فراہم کر دیا گیا ہے اور اس وقت تکمیل کے مراحل میں ہے۔

تقسیم:-

زیر نظر ششماہی کے دوران، گزشتہ سال کی اسی ششماہی کے مقابلہ میں، ترسیل اور تقسیم (T&D) کے دوران ہونے والے نقصانات میں مزید 0.6% کمی کی حاصل ہوئی۔ اس دوران پبلک سیکٹر کنزیومر کے علاوہ ریکوری کا تناسب (RR) 90.8% رہا۔ جبکہ وصولی کا تناسب (RR) جو کہ پبلک سیکٹر کنزیومر (PSC) سے مستثنیٰ ہے اس مدت کے دوران 90.8% تناسب پایا گیا جبکہ PSC سے ریکوری 76.2% ہوئی۔ PSC سے کم تناسب کی ریکوری جو کہ کراچی واٹر اینڈ سیوریج بورڈ (KW&SB)، ہٹی ڈسٹرکٹ گورنمنٹ کراچی (CDGK) اور سندھ پولیس کی جانب سے عدم ادائیگی کی وجہ سے ہوئی۔ چنانچہ کمپنی نے پرائی ریکوریز کے تصفیہ پر حکومت کے ساتھ پروگریس ترتیب دی ہے جو کہ گزشتہ سہ ماہی کے لئے بہتر ہے۔

ترسیل / نیٹ ورکس مینٹیننس کے لئے کئے جانے والے عمل جسے سرپلان (SP) پر مرکوز کیا گیا اور یہ سسٹم کی کارکردگی اور ڈسٹری بیوشن نیٹ ورکس کی بہتری کے لئے جاری کیا گیا تھا اس دوران مینٹیننس پروگرام کا انعقاد Low Tension اور High Tension کے نیٹ ورک میں کیا گیا تھا جس میں 257 فیڈرز پانے SP کے نتیجے کی بناء پر پاور کے خلل میں کمی ہوئی مزید یہ کہ کمپنی نے موثر طور پر اضافی 142 فیڈر کے لئے حفاظتی مینٹیننس جاری کیا ہے جس کے نتیجے میں فیڈر کے ٹرپ ہونے میں واضح کمی واقع ہوئی ہے۔ ہماری ٹیم مینٹیننس پلان پر کام کر رہی ہے جو کہ

ہمارے ڈسٹری بیوشن سسٹم کی مزید بہتری کی تیاری کے لئے اہم جز ہے۔ 500 سے زائد فیڈرز کو مختلف پروجیکٹس کے تحت بحال کیا جا رہا ہے۔ اس کے علاوہ نئے فیڈرز بھی اس سسٹم میں شامل کئے جا رہے ہیں تاکہ سسٹم کی بحالی میں اضافہ ہو۔ کسٹمر سروسز مستقل طور پر کمپنی کی حکمت عملی پر ہے اور اس سلسلے میں کئی اقدامات کئے گئے ہیں تاکہ کسٹمر کا اعتماد بحال ہو۔ KE جو کہ پاکستان میں پہلی ڈسٹری بیوشن کمپنی ہے جس نے ISO-9001-2008 اپنے (IBC) Integrated Business Centre کے لئے سرٹیفکٹ حاصل کیا ہے اور اب تک (17) IBCs اور چار ڈپارٹمنٹس نے یہ سرٹیفکٹ حاصل کیا ہے۔ اس کے علاوہ KE نے E-bill کی ادائیگی کا حل بڑے بینکوں کی برانچ کی سطح پر پوٹینٹی بلڈ کنٹرول سوئچ (UBCS) شروع کیا ہے تاکہ مینول طریقہ کار کے بجائے اس پروسس کے عمل میں بہتری لائی جائے۔

حکمت عملی اور بزنس ڈیولپمنٹ:-

گرین فیلڈ کول پاور پروجیکٹ (350x2) واقع بن قاسم کی ترقی کے سلسلے میں کے الیکٹرک نے چائنا ڈیٹا ٹانگ اور سیز کمپنی لمیٹڈ (CDTO) اور چائنا مشینری انجینئرنگ کارپوریشن (CMEC) کے ساتھ ایک جوائنٹ ڈیولپمنٹ ایگریمنٹ (JDA) پر دستخط کئے ہیں۔ پروجیکٹ کے لئے کے الیکٹرک نے زمین حاصل کر لی ہے اور پراجیکٹ کا مطالعہ بشمول GIS، جیوٹیکنیکل، پتھی میٹری، کولنگ کی فراہمی اور EIA پر کام ہو رہا ہے۔ financing fesibility کا کام بھی مکمل ہو چکا ہے۔ پروجیکٹ کے لئے امید ہے کہ مالی معاملات 2016 کی چوتھی سہ ماہی تک انجام پا جائیں گے۔ بیٹنس شیٹ کے بعد کی تاریخ: KE BOD نے کمپنی آرڈیننس 1984 کے تحت ایک نئی جوائنٹ وینچر پرائیویٹ لمیٹڈ کمپنی بنانے کے لئے منظوری دے دی ہے۔ جس کے تحت یہ پروجیکٹ مشترکہ طور پر CDTO اور CMEC کے اشتراک سے کیا جائیگا اور KE اس سلسلے میں 24% شیئر زکی نمائندگی کرے گی۔

کے الیکٹرک سندھ، نوری آباد پاور کمپنی (پرائیویٹ) لمیٹڈ اور سندھ نوری آباد کمپنی فیئر II (پرائیویٹ) لمیٹڈ سے نوری آباد سندھ میں 100MW (2x50MW) کے گیس سے چلنے والے پروجیکٹس کے لئے بات چیت کر رہی ہے۔ ان پروجیکٹس سے پاور 85 کلومیٹر طویل ٹرانسمیشن لائنوں کے ذریعہ حاصل کی جائے گی جس پر سندھ ٹرانسمیشن اینڈ ڈسٹری بیوشن کمپنی (STDC) کام کر رہی ہے۔ کے الیکٹرک اور SNPC/SNPC-II کے درمیان پاور پراجیکٹ ایگریمنٹ پر فروری 2016 میں دستخط ہو چکے ہیں۔ پروجیکٹ کمپنی اور STDC نے اپنے متعلقہ پیرف کیلئے دستاویزات جمع کر دیئے ہیں اور اب وہ پیرا کی منظوری کے منتظر ہیں۔ یہ پروجیکٹس تعمیرات کے ایڈوانس مرحلے پر پہنچ چکے ہیں۔

اسی کے ساتھ کے الیکٹرک کوئلے سے چلنے والے پائپس پر پیدا کی جانے والی 52MW بجلی کی خریداری کے لئے بات چیت کر رہا ہے۔ ان پائپس کو ایف ایف بی ایل پاور کمپنی (FPCL) قائم کر رہی ہے۔ FPCL کی جانب سے جنوری 2016 میں داخل کرائی گئی review petition پر پیرف کا تعین پھر ا کے زیر غور ہے اور اب یہ پروجیکٹ بھی تعمیر کے ایڈوانس مراحل میں ہے جبکہ پاور پراجیکٹ ایگریمنٹ KE اور FPCL کے درمیان زیر غور ہے۔

کارپوریٹ سوشل کی ذمہ داری (CSR):-

کیونٹی کمیٹ:۔ آئی کیپ: آئی کیپ LRBT's گزردار آباد اور گنگی ناؤن کے تعاون سے منظم کیا گیا جس میں وسیع تعداد میں مریضوں کو آنکھوں کے علاج اور بنیادی ادویات کی سہولیات فراہم کی گئیں۔  
ماحول کی تبدیلی:- WWF شجرکاری: KE اور WWF کے مابین MOU پر دستخط کے تحت WWF's ویٹ لینڈ سینٹر واقع ہا کس بے کراچی اور کے ٹی بندر پر 20,000 درختوں کی شجرکاری شروع کر دی گئی۔

اس کے علاوہ 30,000 درختوں کی شجرکاری پاکستان نیوی کے تعاون سے کی جا رہی ہے۔ کے الیکٹرک جون کے آخر تک 60,000 درختوں کی شجرکاری کر دے گی۔

ایوارڈز اور امتیاز:-

KE نے کیونٹی امپیکٹ اور بحران میں تعاون کے حوالے سے CSR ایوارڈ حاصل کئے ہیں۔ ان ایوارڈز کا اہتمام نیشنل فورم برائے ماحولیات و صحت اور پروفیشنل نیٹ ورک نے کیا تھا۔

بورڈ آف ڈائریکٹرز (BOD's):-

زیر نظر مدت کے دوران GOP نے جناب افتخار عزیز صدیقی کو تبدیل کر کے ان کی جگہ جناب محمد زبیر موتی والا کو تعین کر دیا گیا۔ KE BOD نے آنے والے نئے ڈائریکٹرز کو خوش آمدید کہا ہے اور جانے والے ڈائریکٹرز کو خراج تحسین پیش کرتا ہے۔

اقرار نامہ:-

بورڈ تمام شیئر ہولڈرز اور کمپنی کے کسٹمرز کو ان کے تعاون پر شکریہ ادا کرتا ہے اور کمپنی کے ملازمین کو خراج تحسین پیش کرتا ہے۔



محمد امین  
چیف ایگزیکٹو آفیسر

کراچی، 26 اپریل 2016

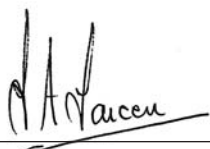
# K-Electric Limited

## Condensed Interim Balance Sheet

As at 31 March 2016

	Note	March 2016 (Un-Audited) (Rupees in '000)	June 2015 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	222,785,066	213,869,249
Intangible assets		35,443	134,152
		<b>222,820,509</b>	214,003,401
Long-term investment	17.9	-	-
Long-term loans		26,464	27,837
Long-term deposits		8,297	7,907
Deferred tax assets		20,811,433	14,646,433
		<b>243,666,703</b>	228,685,578
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	5	7,474,845	6,795,900
Trade debts	6	88,316,476	83,290,562
Loans and advances		701,611	798,387
Trade deposits and short term prepayments		3,043,645	5,771,338
Other receivables	7	11,470,498	39,451,720
Taxation - net		2,122,107	1,498,955
Cash and bank balances		968,129	1,267,633
		<b>114,097,311</b>	138,874,495
<b>TOTAL ASSETS</b>		<b>357,764,013</b>	367,560,073
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid up capital		96,261,551	96,261,551
<b>Reserves</b>			
Capital reserves		509,172	509,172
Share premium		1,500,000	1,500,000
Revenue reserves		5,372,356	5,372,356
		7,381,528	7,381,528
Accumulated losses		(3,610,493)	(29,568,641)
		<b>100,032,586</b>	74,074,438
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		<b>50,978,406</b>	54,141,026
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long-term diminishing musharka		21,765,538	21,527,233
Long-term financing		4,584,214	6,571,714
Long-term deposits		7,315,885	6,712,048
Employee retirement benefits		5,282,610	5,521,630
Deferred revenue		17,341,253	17,300,219
Deferred tax liability		21,847,972	23,203,381
		<b>78,137,472</b>	80,836,225
<b>CURRENT LIABILITIES</b>			
Current maturity of long term financing		2,800,610	3,001,915
Trade and other payables	8	84,578,229	105,787,466
Accrued mark-up		5,492,005	5,866,849
Short-term borrowings - secured	9	28,351,715	36,743,121
Short-term deposits		7,383,013	7,099,055
Provisions		9,978	9,978
		<b>128,615,550</b>	158,508,384
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>357,764,013</b>	367,560,073
<b>CONTINGENCIES AND COMMITMENTS</b>	10		

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



Muhammad Tayyab Tareen  
Chief Executive Officer



Khalid Rafi  
Director

# K-Electric Limited

## Condensed Interim Profit & Loss Account (Un-audited)

For the nine months period ended 31 March 2016

	Note	Nine Months Period Ended		Three Months Period Ended	
		31 March 2016	31 March 2015	31 March 2016	31 March 2015
(Rupees in '000)					
<b>REVENUE</b>					
Sale of energy – net	11	118,250,908	104,770,769	32,073,880	30,127,057
Tariff adjustment	12	14,836,170	34,579,570	4,134,608	8,528,552
		<b>133,087,078</b>	139,350,339	<b>36,208,488</b>	38,655,609
<b>EXPENDITURE</b>					
Purchase of electricity	13	(40,626,737)	(54,832,492)	(10,699,050)	(16,959,765)
Consumption of fuel and oil	14	(39,920,299)	(41,403,900)	(10,297,769)	(8,126,261)
		<b>(80,547,036)</b>	(96,236,392)	<b>(20,996,818)</b>	(25,086,026)
Expenses incurred in generation, transmission and distribution		(14,349,652)	(11,388,967)	(4,625,157)	(3,614,739)
<b>GROSS PROFIT</b>		<b>38,190,390</b>	31,724,980	<b>10,586,512</b>	9,954,844
Consumers services and administrative expenses		(21,534,099)	(15,461,326)	(6,949,049)	(5,163,422)
Other operating expenses		(1,351,904)	(2,344,177)	(271,631)	(1,192,881)
Other income		4,032,608	4,585,659	1,103,512	1,459,287
		<b>(18,853,395)</b>	(13,219,844)	<b>(6,117,168)</b>	(4,897,016)
<b>PROFIT BEFORE FINANCE COST</b>		<b>19,336,995</b>	18,505,135	<b>4,469,344</b>	5,057,827
Finance cost	15	(4,061,875)	(7,727,730)	(1,117,239)	(2,288,268)
<b>PROFIT BEFORE TAXATION</b>		<b>15,275,120</b>	10,777,405	<b>3,352,105</b>	2,769,559
Taxation		7,520,408	5,504,034	451,802	236,550
<b>NET PROFIT FOR THE PERIOD</b>		<b>22,795,528</b>	16,281,439	<b>3,803,907</b>	3,006,109
<b>Earning Before Interest, Tax, Depreciation and Amortization (EBITDA)</b>		<b>28,861,705</b>	25,608,577	<b>7,665,755</b>	7,449,562
(Rupees)					
<b>EARNING PER SHARE - BASIC/DILUTED</b>		<b>0.83</b>	0.59	<b>0.14</b>	0.11

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



Muhammad Tayyab Tareen  
Chief Executive Officer



Khalid Rafi  
Director

# K-Electric Limited

## Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months period ended 31 March 2016

	Nine Months Period Ended		Three Months Period Ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
(Rupees in '000)				
Net profit for the period	<b>22,795,528</b>	16,281,439	<b>3,803,907</b>	3,006,109
<i>Items that are or may be reclassified to profit and loss account</i>				
Net changes in fair value of cash flow hedges reclassified to profit and loss account	-	359,552	-	294,098
<i>Items that will never be reclassified to profit and loss account</i>				
Remeasurement of employee benefit liabilities (actuarial gains and losses)	-	(141,389)	-	-
Total comprehensive income for the period	<b>22,795,528</b>	16,499,602	<b>3,803,907</b>	3,300,207

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



Muhammad Tayyab Tareen  
Chief Executive Officer



Khalid Rafi  
Director

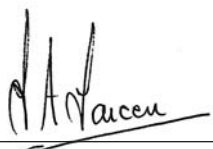
# K-Electric Limited

## Condensed Interim Statement of Changes in Equity (Un-audited)

For the nine months period ended 31 March 2016

	Issued, Subscribed and Paid-up Capital			Reserves				Accumulated Losses	Total
	Ordinary Shares	Transaction Costs	Total share Capital	Capital reserves		Revenue reserves			
				Capital reserves	Share premium	Revenue reserves	Other reserves		
------(Rupees in '000)-----									
<b>Balance as at 30 June 2014</b>	<b>96,653,179</b>	<b>(391,628)</b>	<b>96,261,551</b>	<b>509,172</b>	<b>1,500,000</b>	<b>5,372,356</b>	<b>(359,552)</b>	<b>(59,742,221)</b>	<b>43,541,306</b>
<i>Total comprehensive income for the nine months period ended 31 March 2015</i>									
Net Profit for the period	-	-	-	-	-	-	-	16,281,439	16,281,439
<i>Other comprehensive income</i>									
Changes in fair value of cash flow hedges - net	-	-	-	-	-	-	359,552	-	359,552
Remeasurements of defined benefit liabilities	-	-	-	-	-	-	-	(141,389)	(141,389)
Total comprehensive income for the period	-	-	-	-	-	-	359,552	16,140,050	<b>16,499,602</b>
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	1,317,920	<b>1,317,920</b>
<b>Balance as at 31 March 2015</b>	<b>96,653,179</b>	<b>(391,628)</b>	<b>96,261,551</b>	<b>509,172</b>	<b>1,500,000</b>	<b>5,372,356</b>	<b>-</b>	<b>(42,284,251)</b>	<b>61,358,828</b>
<i>Total comprehensive income for the three months period ended 30 June 2015</i>									
Net profit for the period	-	-	-	-	-	-	-	12,043,271	<b>12,043,271</b>
<i>Other comprehensive income</i>									
Remeasurements of defined benefit liabilities	-	-	-	-	-	-	-	230,489	<b>230,489</b>
Total comprehensive income for the period	-	-	-	-	-	-	-	12,273,760	<b>12,273,760</b>
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	441,850	<b>441,850</b>
<b>Balance as at 30 June 2015</b>	<b>96,653,179</b>	<b>(391,628)</b>	<b>96,261,551</b>	<b>509,172</b>	<b>1,500,000</b>	<b>5,372,356</b>	<b>-</b>	<b>(29,568,641)</b>	<b>74,074,438</b>
<i>Total comprehensive income for the nine months period ended 31 March 2016</i>									
Net profit for the period	-	-	-	-	-	-	-	22,795,528	<b>22,795,528</b>
<i>Other comprehensive income</i>									
Total comprehensive income for the period	-	-	-	-	-	-	-	22,795,528	<b>22,795,528</b>
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	3,162,620	<b>3,162,620</b>
<b>Balance as at 31 March 2016</b>	<b>96,653,179</b>	<b>(391,628)</b>	<b>96,261,551</b>	<b>509,172</b>	<b>1,500,000</b>	<b>5,372,356</b>	<b>-</b>	<b>(3,610,493)</b>	<b>100,032,586</b>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



Muhammad Tayyab Tareen  
Chief Executive Officer



Khalid Rafi  
Director

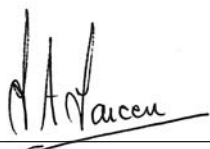
# K-Electric Limited

## Condensed Interim Cash Flow Statement (Un-audited)

For the nine months period ended 31 March 2016

	31 March 2016	31 March 2015
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	15,275,120	10,777,405
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation and amortization	9,524,710	7,103,442
Provision for employee retirement benefits	593,333	689,827
Provision for slow moving stores, spares and loose tools	197,969	60,979
Provision for debts considered doubtful	11,191,194	7,032,231
Gain on sale of fixed assets	(22,635)	(71,539)
Finance costs	4,061,875	7,727,730
Unwinding cost on realization of derivative financial assets	-	490,851
Amortization of deferred revenue	(1,042,925)	(967,243)
Return on bank deposits	(200,978)	(263,105)
<b>Operating profit before working capital changes</b>	<b>39,577,663</b>	<b>32,580,579</b>
<b>Working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spares parts and loose tools	(876,914)	(404,003)
Trade debts	(16,217,108)	(14,379,646)
Loans and advances	96,776	(20,256)
Trade deposits and short term prepayments	2,727,693	(3,499,331)
Other receivables	27,981,222	8,033,944
	<b>13,711,669</b>	<b>(10,269,292)</b>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(21,209,237)	(6,880,392)
Short-term deposits	283,958	788,896
	<b>(20,925,279)</b>	<b>(6,091,496)</b>
<b>Cash generated from operations</b>	<b>32,364,053</b>	<b>16,219,791</b>
Employee retirement benefits paid	(832,356)	(517,647)
Income tax paid	(623,152)	(314,126)
Receipts in deferred revenue	1,083,960	1,211,675
Finance cost paid	(4,436,719)	(7,556,584)
Interest received on bank deposits	200,978	263,105
Long term loans	1,373	1,283
Long-term deposits	(390)	99,736
	<b>(4,606,306)</b>	<b>(6,812,558)</b>
<b>Net cash generated from operating activities</b>	<b>27,757,747</b>	<b>9,407,233</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(18,463,851)	(9,444,834)
Proceeds from disposal of fixed assets	144,668	125,780
<b>Net cash used in investing activities</b>	<b>(18,319,183)</b>	<b>(9,319,054)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Realization of derivative financial assets	-	1,259,554
Payment of long term financing	(1,950,500)	(17,758,756)
Short term borrowing (repaid) / acquired	(14,834,815)	7,386,220
Security deposit from consumers	603,837	656,163
<b>Net cash used in financing activities</b>	<b>(16,181,478)</b>	<b>(8,456,819)</b>
<b>Net decrease in cash and cash equivalent</b>	<b>(6,742,914)</b>	<b>(8,368,640)</b>
Cash and cash equivalent at beginning of the period	(6,462,649)	(3,177,811)
<b>Cash and cash equivalent at end of the period</b>	<b>(13,205,563)</b>	<b>(11,546,451)</b>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



Muhammad Tayyab Tareen  
Chief Executive Officer



Khalid Rafi  
Director

# K-Electric Limited

## Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended 31 March 2016

### 1 THE COMPANY AND ITS OPERATIONS

- 1.1 K-Electric Limited "the Company" was incorporated as a limited liability company on 13 September 1913 under the repealed Indian Companies Act, 1882 (now Companies Ordinance, 1984). The Company is listed on Pakistan Stock Exchange.

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 Nepra Act, 1997, as amended, to its licensed areas.

The registered office of the Company is situated at KE House, 39-B, Sunset Boulevard, Phase II, DHA, Karachi. KES Power Limited (the holding company) holds 66.40 percent (30 June 2015: 66.40 percent) shares in the Company.

### 2 BASIS OF PREPARATION

#### 2.1 STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the nine months period ended 31 March 2016 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provision of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2015.

This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 245 of the Companies Ordinance, 1984.

This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand.

#### 2.2 Accounting Estimates, Judgements And Financial Risk Management

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized 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.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June 2015.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2015.

### 3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2015 except for the following standards which became effective during the period.



IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities' and IFRS 13 'Fair Value Measurements'. These standards became applicable from 1 January 2015, as per the adoption status of IFRS in Pakistan. The application of IFRS 10, IFRS 11 and IFRS 12 are not expected to have any impact on the financial information of the Company. The application of IFRS 13 did not have an impact on the condensed interim financial information of the Company, except certain additional disclosures as presented in note 18.

	Note	31 March 2016 (Un-Audited)	30 June 2015 (Audited)
		(Rupees in '000)	
<b>4</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets		192,465,226	198,301,590
Capital work-in-progress	4.2	30,319,840	15,567,659
		<u>222,785,066</u>	<u>213,869,249</u>

#### 4.1 Operating fixed assets

Following are the additions and disposals of fixed assets during the current period:

	Additions	Disposals	
		Cost	Accumulated depreciation
(Rupees in '000)			
Plant and machinery	399,069	-	-
Transmission and distribution network	3,278,905	304,137	183,328
Others	33,697	9,673	8,449
	<u>3,711,671</u>	<u>313,810</u>	<u>191,777</u>

#### 4.2 CAPITAL WORK-IN-PROGRESS

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

	Plant and machinery	Transmission system	Distribution system	Others	Major spare parts	Total
(Rupees in '000)						
Opening balance as at 1 July 2015	8,330,131	1,651,010	4,494,744	645,171	446,603	15,567,659
* Additions during the year:	3,612,700	6,334,929	4,472,774	3,395,050	648,399	18,463,852
	<u>11,942,831</u>	<u>7,985,939</u>	<u>8,967,518</u>	<u>4,040,221</u>	<u>1,095,002</u>	<u>34,031,511</u>
Transferred to the: Operating fixed assets	399,069	907,122	2,371,783	33,697	-	3,711,671
<b>Balance as at 31 March 2016</b>	<u>11,543,762</u>	<u>7,078,817</u>	<u>6,595,735</u>	<u>4,006,524</u>	<u>1,095,002</u>	<u>30,319,840</u>

\* This includes initial expenditure incurred on Transmission Project (TP-1000) and other projects.

	Note	31 March 2016 (Un-Audited)	30 June 2015 (Audited)
		(Rupees in '000)	
<b>5</b>	<b>STORES, SPARE PARTS AND LOOSE TOOLS</b>		
Stores, spares and loose tools		8,456,310	7,579,396
Provision against slow moving and obsolete stores and spares	5.1	(981,465)	(783,496)
		<u>7,474,845</u>	<u>6,795,900</u>

		<b>31 March 2016 (Un-Audited)</b>	30 June 2015 (Audited)
	Note	<b>(Rupees in '000)</b>	
<b>5.1</b>	Provision against slow moving and obsolete stores and spares		
	Opening balance	<b>783,496</b>	696,793
	Provision during the period	<b>197,969</b>	86,703
		<b>981,465</b>	<u>783,496</u>
<b>6</b>	<b>TRADE DEBTS</b>		
	<b>Considered good</b>		
	Secured – against deposits from consumers	<b>1,305,878</b>	1,194,067
	Unsecured	<b>87,010,598</b>	82,096,495
		<b>88,316,476</b>	83,290,562
	<b>Considered doubtful</b>		
		<b>45,547,986</b>	36,164,740
		<b>133,864,462</b>	119,455,302
	Provision for impairment (against debts considered doubtful)	6.2 <b>(45,547,986)</b>	(36,164,740)
		<b>88,316,476</b>	<u>83,290,562</u>
<b>6.1</b>	This includes gross receivable of Rs. 51,077 million net of adjustment (30 June 2015: Rs. 46,529 million), due from Government and autonomous bodies, including Karachi Water and Sewerage Board (KW&SB) and City District Government Karachi (CDGK) amounting to Rs. 36,870 million (30 June 2015: Rs. 32,971 million) and Rs. 8,775 million (30 June 2015: Rs. 8,353 million) less unrecorded late payment surcharge from them of Rs. 3,451 million (30 June 2015: Rs. 3,058 million) and Rs. 1,527 million (30 June 2015: Rs. 1,291 million) respectively. It is Management's contention that the calculation of late payment surcharge on Public Sector Consumers 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, then the above receivable amount would substantially increase. As of 31 March 2016, the Company received Rs. 7,056 million (30 June 2015 : Rs. 5,292 million) from Government of Sindh in the form of adjustment of electricity duty liability of the Company against receivable from KW&SB. Accordingly, the Company has adjusted its liability against KW&SB dues.		
<b>6.2</b>	<b>Provision for impairment (against debts considered doubtful)</b>		
	Opening balance	<b>36,164,740</b>	28,754,041
	Provision made during the period / year	<b>11,191,194</b>	9,268,074
		<b>47,355,934</b>	38,022,115
	Provision on debts written off during the period / year	<b>(1,807,948)</b>	(1,857,375)
		<b>45,547,986</b>	<u>36,164,740</u>
<b>7</b>	<b>OTHER RECEIVABLES</b>		
	Sales tax - net	<b>2,309,661</b>	3,438,298
	Due from the Government of Pakistan (GoP) in respect of:		
	- Tariff adjustment and Others	7.1&7.2 <b>8,792,566</b>	35,661,271
	- Interest receivable from GoP on demand finance liabilities	<b>237,173</b>	237,173
		<b>9,029,739</b>	35,898,444
	Others	<b>131,098</b>	114,978
		<b>11,470,498</b>	39,451,720
	<b>Considered doubtful</b>		
	Sales tax	<b>236,922</b>	236,922
	Provision for impairment	<b>(236,922)</b>	(236,922)
		-	-
	Due from a Consortium of Suppliers of Power Plant	<b>363,080</b>	363,080
	Provision for impairment	<b>(363,080)</b>	(363,080)
		-	-
		<b>11,470,498</b>	<u>39,451,720</u>

- 7.1** Tariff adjustment receivable includes certain adjustments to account for items including where the final determinations have not been notified / finalized by NEPRA as part of its tariff determination process. The quarterly determination of Schedule of Tariffs have been finalized up to the quarter July-September 2015 except for the matters as disclosed in the note 11.1.2 of the condensed interim financial information for the period ended 31 December 2015. Management has recognized tariff differential based on the petitions submitted to NEPRA in this regard.
- 7.2** The above includes Rs. 698 million (2015: Rs. 698 million) subsidy receivable in respect of subsidized electricity supplied to certain areas of Baluchistan for the period from December 2012 to June 2014. During the year ended 30 June 2014, there had been certain correspondence with Ministry of Water and Power whereby such claim for subsidy for the period December 2012 to June 2014 has been denied considering that the subsidized electricity is not applicable for the Company rather its only for Quetta Electric Supply Company Limited that supplied electricity in similar areas. The Company is of the view that the subsidized portion will be recovered from consumers in the event that it is not recovered from Government. The Government issued notification on 02 July 2015 which restored the subsidy for agriculture and tube well consumers in Baluchistan with retrospective effect from 01 January 2015, the Company will recover it accordingly.

	<b>31 March 2016 (Un-Audited)</b>	<b>30 June 2015 (Audited)</b>
	<b>(Rupees in '000)</b>	
<b>8 TRADE AND OTHER PAYABLES</b>		
<b>Trade creditors</b>		
Power purchases	<b>40,172,964</b>	53,268,608
Fuel and gas	<b>23,428,025</b>	31,988,876
Others	<b>5,312,022</b>	3,010,122
	<b>68,913,011</b>	88,267,606
Murabaha finance facilities	-	2,425,000
Accrued expenses	<b>2,672,811</b>	2,832,421
<b>Advances / credit balances of consumers</b>		
Energy	<b>1,276,732</b>	1,229,565
Others	<b>1,451,278</b>	1,493,365
	<b>2,728,010</b>	2,722,930
<b>Other liabilities</b>	<b>10,264,397</b>	9,539,509
	<b>84,578,229</b>	105,787,466
<b>9 SHORT-TERM BORROWINGS – Secured</b>		
<b>From banking companies</b>		
Bridge term finance facility	-	482,307
Bills payable	<b>4,183,147</b>	14,650,291
Short term running finances	<b>14,173,692</b>	7,730,282
Short term loan	-	2,506,740
Structured invoice financing	<b>4,347,686</b>	4,604,000
<b>From others</b>		
KES Power Limited - holding company	<b>45,088</b>	45,088
KE Azm Certificates	<b>491,454</b>	1,680,735
KE Azm Sukuk Certificates	<b>5,110,648</b>	5,043,678
	<b>28,351,715</b>	36,743,121
<b>10 CONTINGENCIES AND COMMITMENTS</b>		
<b>10.1 Contingencies</b>		
<b>10.1.1</b>	Contingencies as disclosed in the note 11.1 to the condensed interim financial information for the half year ended 31 December 2015 remain unchanged except for the following;	
<b>10.1.2</b>	On 24 July 2015, the Company received show cause notice from NEPRA under sections 28 and 29 of the regulation of Generation, Transmission and Distribution of Electric Power Act 1997. The show cause has been issued in respect of several alleged non compliances with section 21(2)(b) of the NEPRA Act, rule 10 (b) (ii) of the NEPRA Licensing (Distribution) rules, 1999 and other rules instructing the Company to submit its explanations as to why NEPRA should not take action under Section 28 and 29 of the NEPRA Act against the Company. The Company has filed a plaint in Honourable Sindh High Court challenging various contents of the impugned notice and clarified its stance and pleaded to the court to grant stay against the notice. The Court admitted the plaint and restrained NEPRA from taking any coercive action	

against the Company whilst ordering the Company to continue to associate itself with the NEPRA proceedings and submit its reply to the Show Cause Notice. The reply was duly filed by the Company with NEPRA on 7 August 2015.

NEPRA held a hearing on the said reply to the Show Cause Notice on 15 September 2015. Thereafter NEPRA issued its decision dated 25 March 2016 in which they have imposed a fine of Rs 10 million on the Company and also asked the Company to comply with other alleged non-compliances. Being aggrieved with the decision, the Company, under section 3 (2) of NEPRA (Review procedure) Regulations 2009, has filed a motion seeking review of the decision for its modification/reversal. In consultation with lawyer, management considers that the Company has reasonable grounds to defend its position in the legal proceedings.

- 10.1.3** Claims not acknowledged as debts as disclosed in notes 32.2 and 32.3 to the annual financial statements of the Company for the year ended 30 June 2015 remain unchanged except as follows.

	Note	31 March 2016 (Un-Audited)	30 June 2015 (Audited)
		(Rupees in '000)	
<b>10.2</b>	<b>Commitments</b>		
<b>10.2.1</b>	Guarantees from banks	240,289	228,434
<b>10.2.2</b>	Transmission projects	2,545,999	1,719,250
<b>10.2.3</b>	Transmission project (TP 1000)	29,000,817	-
<b>10.2.4</b>	Outstanding letters of credit	2,991,088	2,280,788
<b>10.2.5</b>	Extension of generation projects Combined Cycle Power Plant-II	737,616	538,502
<b>10.2.6</b>	Generation projects KGTPS-II & SGTPS-II Steam Turbines	1,025,216	1,649,367
<b>10.2.7</b>	Dividend on preference shares	1,119,453	1,119,453
<b>10.2.8</b>	The Company has not recorded any dividend on redeemable preference shares in view of accumulated losses and restrictions under loan covenants.		

		31 March 2016 (Un-Audited)	31 March 2015
		(Rupees in '000)	
<b>11</b>	<b>SALE OF ENERGY - net</b>		
	Residential	53,136,699	39,543,204
	Commercial	21,630,862	20,553,542
	Industrial	42,702,937	45,762,226
	Karachi Nuclear Power Plant	103,313	103,867
	Pakistan Steel Mills Corporation (Private) Limited	703,649	1,268,783
	Fuel Surcharge Adjustment	(1,343,099)	(4,754,004)
	Others	1,316,547	2,293,151
		11.1	
		118,250,908	104,770,769

- 11.1** This represents monthly Fuel Surcharge Adjustment (FSA) approved by NEPRA in its monthly tariff determinations. The said amount has been / will be passed on to the consumers subsequently as per notification by Ministry of Water and Power, Government of Pakistan.

**12 TARIFF ADJUSTMENT**

This represents tariff adjustment (subsidy) claim for variation in fuel prices, cost of power purchase and operation and maintenance cost, adjustments required as per NEPRA determination and those resulting in adjustment of tariff due from Government.

	<b>31 March 2016</b>	31 March 2015
	<b>(Un-Audited) (Rupees in '000)</b>	
<b>13 PURCHASE OF ELECTRICITY</b>		
National Transmission and Dispatch Company	<b>28,333,001</b>	35,206,873
Independent Power Producers (IPPs)	<b>10,710,035</b>	17,709,287
Karachi Nuclear Power Plant	<b>1,583,701</b>	1,916,332
	<b>40,626,737</b>	54,832,492
<b>14 CONSUMPTION OF FUEL AND OIL</b>		
Natural gas	<b>28,718,127</b>	21,963,718
Furnace and other oils	<b>11,202,172</b>	19,440,182
	<b>39,920,299</b>	41,403,900
<b>15 FINANCE COST</b>		
<b>Mark-up / interest on:</b>		
Mark-up / interest on short / long term borrowings	<b>2,778,096</b>	3,829,318
Late payment surcharge on delayed payments to creditors	<b>85,154</b>	573,182
Bank service, discounting charges and others	<b>1,198,625</b>	3,325,230
	<b>4,061,875</b>	7,727,730
<b>16 TRANSMISSION AND DISTRIBUTION LOSSES</b>		
The transmission and distribution losses for the current period were 22.82% (30 June 2015: 23.70%).		
<b>17 TRANSACTIONS / BALANCES WITH RELATED PARTIES</b>		
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. Details of transactions / balances with related parties not disclosed elsewhere in this condensed interim financial information are as follows:		
<b>17.1 BYCO Petroleum Pakistan Limited</b>		
Purchases	<b>476,500</b>	4,716,436
Financial charges / Late payment surcharge	<b>25,561</b>	169,275
<b>17.2 Government Related Entities</b>		
<b>17.2.1 National Transmission and Dispatch Company</b>		
Purchases	<b>28,333,001</b>	35,206,873
<b>17.2.2 Pakistan State Oil Company Limited</b>		
Purchases	<b>10,076,515</b>	14,271,696
Late payment surcharge	<b>46,607</b>	325,162
<b>17.2.3 Sui Southern Gas Company Limited</b>		
Purchases	<b>28,718,127</b>	21,963,718
<b>17.3 Key management personnel</b>		
- Managerial remuneration	<b>160,866</b>	109,778
- Housing and other allowances	<b>88,334</b>	60,378
- Other allowances	<b>202,651</b>	81,168
- Retirement benefits	<b>112,944</b>	23,371
- Leave encashment	<b>648</b>	-
<b>17.4 Provident Fund</b>		
Contribution to provident fund	<b>439,905</b>	387,589

	<b>31 March 2016 (Un-Audited)</b>	30 June 2015 (Audited)
	<b>(Rupees in '000)</b>	
<b>17.5 BYCO Petroleum Pakistan Limited</b>		
Amount payable included in creditors	<b>285,466</b>	1,725,250
<b>17.6 Government Related Entities</b>		
<b>17.6.1 National Transmission and Dispatch Company</b>		
Amount payable included in creditors	<b>35,741,226</b>	46,904,694
<b>17.6.2 Pakistan State Oil Company Limited</b>		
Amount payable included in creditors	<b>1,404,803</b>	4,053,658
<b>17.6.3 Sui Southern Gas Company Limited</b>		
Amount payable included in creditors	<b>21,737,756</b>	26,209,967
<b>17.7 Provident Fund</b>		
Payable to provident fund	<b>43,047</b>	11,585
<b>17.8 KES Power Limited</b>		
Short-term loan payable	<b>45,088</b>	45,088
<b>17.9 Joint Venture</b>		
<b>Long-term investment</b>	<b>-</b>	-

The Company and the Aman Foundation have started the project of Karachi Organic Energy (Pvt.) Ltd.

(KOEL) incorporated for set up and operation of a biogas project. The Company owned 50% of the total share capital of KOEL by virtue of investment in 1,010,790 ordinary shares having a face value of Rs. 10 each which amounts to total investment of Rs. 10.108 million. KOEL is yet to commence operations and due to initial preliminary expenses currently has a negative equity. Accordingly, it is recorded at Nil value.

	<b>31 March 2016 (Un-Audited)</b>	31 March 2015
	<b>(Rupees in '000)</b>	
<b>17.10 Aman Foundation</b>		
Donation Paid	<b>6,258</b>	-

## **18 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 transaction between market participants at the measurement date.

- 18.1** The valuation of plant and machinery, transmission and grid equipment was carried out by Iqbal Nanjee and Company (Private) Limited during the year ended 30 June 2015 and valuation of leasehold land was carried out by Colliers International Pakistan (Pvt) Limited during the year ended 30 June 2014. These are summarized below. The resulting revaluation surplus is disclosed in annual financial statement for the year ended 30 June 2015. These valuations fall under level 3 hierarchy.

## 18.2 Valuation techniques and significant unobservable inputs

Valuation techniques used in measuring the fair value of lease hold land, plant and machinery, transmission and grid equipments as well as the significant unobservable inputs used are described as under:

### *Leasehold land*

Market values of the properties were obtained by 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 condition were accounted for. The value of the land was assessed based on information available in current real estate market.

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

### *Grid equipment*

For the valuation of grid stations 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 raw material i.e. copper and steel.

The estimated fair value of grid equipments would increase / (decrease) if current selling price of these equipments increase / (decrease).

### *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 fair value of above mentioned assets would increase / (decrease) if indexation according to EPCCI increase / (decrease).

**18.3** The difference between the opening and closing fair value of property, plant and equipment is the impact of depreciation net of deferred tax and additions and disposals during the period as shown in note 4.1.

**18.4** The carrying amounts of financial assets and liabilities are reasonable approximation of fair value.

## 19 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information was authorized for issue on 26 April 2016 by the Board of Directors of the Company.

## 20 GENERAL

All figures have been rounded off to the nearest thousand rupees.



Muhammad Tayyab Tareen  
Chief Executive Officer










Khalid Rafi  
Director




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