



REPORT FOR THE
QUARTER ENDED
30 SEPTEMBER 2017

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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Directors' Review

I am pleased to present the Condensed Interim Financial Information (un-audited) of K-Electric Limited (KE) for the first quarter ended September 30, 2017 on behalf of the Board of Directors.

Key operational and financial results are summarised below:

	JUL-SEPT 2017	JUL-SEPT 2016
	(UNITS - GWh)	
<u>OPERATIONAL</u>		
Units generated (net of auxiliary)	2,900	2,816
Units purchased	1,942	1,839
Total units available for distribution (sent out)	4,842	4,655
Units billed	3,784	3,458
Transmission & Distribution Losses %	21.9%	25.7%
	(PKR - MILLIONS)	
<u>FINANCIAL</u>		
<u>REVENUE</u>		
	52,325	49,355
Profit before taxation	5,990	3,442
Taxation – net	(369)	447
Net Profit for the period	5,621	3,889
Earnings per share-BASIC/DILUTED	0.20	0.14
	(Rupees)	
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	10,473	7,797

Financial Review

Company earned a net profit of Rs. 5,621 million which translated into earning per share of Rs. 0.20. The increase of 44.5% in net profit from comparable period is mainly due to reduction in T&D losses by 3.8% and increase in units sent out by 4%.

Revenue includes Rs. 1,396 million in tariff adjustment against write off of bad debts, as allowed by NEPRA under the MYT decision, as more fully explained in note 11.2 of this condensed interim financial information.

Significant amount continued to be receivable from Government entities including dues from Karachi Water and Sewerage Board (KW&SB) and City District Government Karachi (CDGK). The management has been taking up the matter at highest levels within the Federal and Provincial Governments to ensure recovery which is significantly hampering the ability of the Company to enhance the pace of investment in the Company's infrastructure.

Delay in Issuance of Financial Statements

Fundamental reason behind the delay in finalisation of audited financial statements for the year ended June 30, 2018 and its related periods was delay in finalisation of financial statements for FY 2017 due to the reasons explained in the Annual Report for FY 2017, released a few months ago.

Update on Significant Matters

As this quarterly report is being issued with Annual Report 2018, for reasons explained in previous paragraph; significant matters along with the performance highlights have been covered in Annual Report 2018 of the Company and therefore, does not require to be reproduced here.

Board of Directors (BOD)

During review and subsequent period, following casual vacancies occurred on the Board and all were filled-up by the Directors within the specified time period.

- GOP nominee, Mr. Zafar Abbas was replaced by Dr. Aamer Ahmed, Additional Secretary, Ministry of Energy (Power Division), GOP, on August 9, 2017.
- GOP nominee, Mr. Muhammad Anwer Shaikh was replaced by Dr. Ahmed Mujtaba Memon, Additional Finance Secretary, Finance Division, GOP, on June 7, 2018.
- 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.
- Syed Moonis Abdullah Alvi was appointed as Director/Chief Executive Officer effective from June 7, 2018.

Whereas other changes on the Board subsequent to year end have been duly reported in the Annual Report 2018 of the Company.

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.



Syed Moonis Abdullah Alvi
Chief Executive Officer

Karachi, September 18, 2019

سرکاری اداروں سے خطیر رقم واجب الادا رہی بشمول واجبات کراچی واٹرائینڈسپورٹنگ بورڈ (کے ڈبلیو ایس بی) آل سٹی ڈسٹرکٹ گورنمنٹ کراچی (سی ڈی جی کے) انتظامیہ نے بحالی کے لئے اعلیٰ سطح پر وفاقی اور صوبائی حکومتوں میں اس مسئلے کو اٹھایا جو کمپنی کے انفراسٹرکچر میں سرمایہ کاری کو بڑھانے کی استطاعت میں نمایاں تاخیر کا باعث ہے۔

مالیاتی بیانات کے اجراء میں تاخیر

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۔

اہم معاملات پر تازہ ترین صورتحال

یہ سہ ماہی رپورٹ 2018 کی سالانہ رپورٹ کے ساتھ جاری کی گئی ہے اور اس تاخیر کا سبب اوپر پیرا گراف میں واضح کیا گیا ہے۔ اہم معاملات اور کارکردگی کی سرخیاں سالانہ رپورٹ 2018 میں وضاحت کے ساتھ بیان کی گئی ہیں، اس لیے انہیں دوبارہ پیش کرنے کی ضرورت نہیں ہے۔

بورڈ آف ڈائریکٹرز (BOD)

جائزہ لینے اور اس کے بعد کی مدت کے دوران، بورڈ میں مندرجہ ذیل عارضی آسامیاں واقع ہوئیں جنہیں مقرر مدت میں ڈائریکٹرز کی جانب سے پورا کیا گیا۔

- GOP کے نامزد امیدوار جناب ظفر عباس کی جگہ ڈاکٹر عامر احمد، ایڈیشنل سیکریٹری، وزارت توانائی (پاور ڈویژن) GOP کو 9 اگست 2017 کو تقرر کیا گیا۔
- GOP کے نامزد امیدوار، جناب محمد انور شیخ کی جگہ ڈاکٹر احمد مجتبیٰ میمن، ایڈیشنل فنانشل سیکریٹری، فنانشل ڈویژن، GOP کو 7 جون 2018 کو تقرر دی گئی۔
- جناب وقار ایچ۔ صدیقی کے ڈائریکٹر/چیئر مین کے عہدے سے استعفیٰ دینے کے بعد جناب محمد طیب ترین، سی ای او، 7 جون 2018 سے چیئر مین منتخب ہوئے۔
- سید منس عبد اللہ علوی 7 جون 2018 سے بطور ڈائریکٹر/چیئر ایگزیکٹو آفیسر تقرر کئے گئے۔

جبکہ سال کے اختتام کے بعد بورڈ میں دیگر تبدیلیوں سے متعلق کمپنی کی 2018 کی سالانہ رپورٹ میں باضابطہ بیان کیا گیا ہے۔

اظہار تشکر

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



سید منس عبد اللہ علوی

چیئر ایگزیکٹو آفیسر

کراچی: 18 ستمبر 2019

کے۔ الیکٹرک لمیٹڈ

ڈائریکٹرز کی جانب سے جائزہ

کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ 30 ستمبر 2017 کو ختم ہونے والی پہلی سہ ماہی کے لیے ڈائریکٹرز کی جانب سے کے۔ الیکٹرک لمیٹڈ کی مجموعی عبوری مالیاتی معلومات (غیر آڈٹ شدہ) پیش کر رہے ہیں۔

اہم آپریشنل اور مالی نتائج کا خلاصہ مندرجہ ذیل ہیں:

جولائی تا ستمبر 2016	جولائی تا ستمبر 2017	
(یونٹس - GWh)		
2,816	2,900	پیدا کیے گئے یونٹس کی تعداد (ضمنی یونٹس کے علاوہ)
1,839	1,942	خریدے گئے یونٹس کی تعداد
4,655	4,842	ڈسٹری بیوٹن کے لیے دستیاب ٹوٹل یونٹس (بھیجے گئے)
3,458	3,784	بل کیے گئے یونٹس
25.7%	21.9%	ٹرانسمیشن اور ڈسٹری بیوٹن کے نقصانات %
(پاکستانی روپوں میں - ملین)		
49,355	52,325	فنانسنگ ریونیو
3,442	5,990	ہناغ قبل از ٹیکس
447	(369)	ٹیکس محصولات - خالص
3,889	5,621	س مدت کے دوران خالص منافع
0.14	0.20	آمدنی فی حصص - بیک اڈا ایلوٹڈ (روپے)
7,797	10,473	سود، ٹیکس، فرسودگی اور بے باقی سے پہلے کی ادائیگی (EBITDA)

مالیاتی جائزہ

کمپنی نے 5,621 ملین روپے کا خالص منافع حاصل کیا، جس کے نتیجے میں آمدنی فی حصص 0.20 روپے رہی۔ گزشتہ سال کی اسی مدت کے مقابلے میں خالص منافع میں 44.5 فیصد کا اضافہ بنیادی طور پر ٹرانسمیشن اینڈ ڈسٹری بیوٹن کے نقصانات (T&D Losses) میں 3.8 فیصد کی کمی اور 4 فیصد سے زائد یونٹس میں اضافے کے باعث دیکھنے میں آیا۔

جیسا کہ MYT کے فیصلوں کے تحت NEPRA نے اجازت دی ہے، جس کی مزید تفصیلات مجموعی عبوری مالیاتی معلومات کے نوٹ نمبر 11.2 میں درج ہیں، اس کے مطابق ریونیو کے اعداد و شمار کے اندر ٹیرف ایڈجسٹمنٹ کی مدد میں 1,396 ملین روپے ہیڈ ڈیپٹس کے حقیقی رائٹ آف کی مدد میں شامل ہیں۔

CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2017

		(Un-Audited) September 30, 2017	(Audited) June 30, 2017
ASSETS	Note	(Rupees in '000)	
Non-current assets			
Property, plant and equipment	4	242,171,572	237,730,775
Intangible assets		194,407	215,406
Long-term loans		21,631	21,777
Long-term deposits		13,496	13,497
		242,401,106	237,981,455
Current assets			
Stores, spares and loose tools		10,827,487	9,439,133
Trade debts	5	102,363,072	103,419,754
Loans and advances		922,083	774,217
Deposits and short-term prepayments		2,255,733	3,158,284
Other receivables	6	34,383,692	33,131,412
Taxation - net	7	1,720,818	2,962,142
Cash and bank balances		1,172,783	2,077,916
		153,645,668	154,962,858
Assets classified as held for sale		2,999,116	2,999,116
TOTAL CURRENT ASSETS		156,644,784	157,961,974
TOTAL ASSETS		399,045,890	395,943,429
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		125,000,000	125,000,000
Issued, subscribed and paid-up capital		96,261,551	96,261,551
Reserves			
Capital reserves		2,009,172	2,009,172
Revenue reserves		5,372,356	5,372,356
		7,381,528	7,381,528
Unappropriated profit		39,781,534	33,068,043
		143,424,613	136,711,122
Surplus on revaluation of property, plant and equipment		46,512,696	47,605,194
LIABILITIES			
Non-current liabilities			
Long-term diminishing musharaka		16,229,453	17,305,568
Long-term financing		3,288,006	2,841,364
Long-term deposits		8,822,307	8,600,108
Employee retirement benefits		4,764,044	4,881,949
Deferred revenue		20,027,179	20,193,359
		53,130,989	53,822,348
Current liabilities			
Current maturity of long-term diminishing musharaka		4,400,000	4,400,000
Current maturity of long-term financing		1,683,753	4,433,753
Trade and other payables	8	121,000,160	120,212,801
Accrued mark-up		5,838,511	5,809,192
Short-term borrowings - secured	9	16,545,475	17,278,006
Short-term deposits		6,463,243	5,624,563
Provision		46,450	46,450
		155,977,592	157,804,765
TOTAL LIABILITIES		209,108,581	211,627,113
TOTAL EQUITY AND LIABILITIES		399,045,890	395,943,429
Contingencies and Commitments	10		

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

	Note	Three Months Period ended	
		September 30, 2017	September 30, 2016
		(Rupees in '000)	
Revenue			
Sale of energy – net		48,739,873	47,070,007
Tariff adjustment	11	3,584,781	2,284,911
		52,324,654	49,354,918
Cost of sales			
Purchase of electricity	12	(16,456,932)	(13,726,782)
Consumption of fuel and oil	13	(18,281,264)	(18,652,851)
Expenses incurred in generation, transmission and distribution		(5,506,205)	(5,076,343)
		(40,244,401)	(37,455,976)
Gross profit		12,080,253	11,898,942
Consumers services and administrative expenses		(7,718,450)	(8,935,527)
Other operating expenses		(454,211)	(257,202)
Other income		2,809,506	1,785,381
		(5,363,155)	(7,407,348)
Profit before finance cost		6,717,098	4,491,594
Finance cost		(726,820)	(1,049,715)
Profit before taxation		5,990,278	3,441,879
Taxation		(369,285)	447,237
Net Profit for the period		5,620,993	3,889,116
Earning before interest, tax, depreciation and amortization (EBITDA)		10,473,049	7,796,662
		(Rupees)	
Earning per share - Basic and diluted		0.20	0.14

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

	Three Months Period ended	
	September 30, 2017	September 30, 2016
(Rupees in '000)		
Net profit for the period	5,620,993	3,889,116
Other comprehensive income:		
Items that may be re-classified to profit and loss account		
Changes in fair value of cash flow hedges	92	6,135
Adjustment for amounts transferred to profit and loss account	(92)	(1,922)
	-	4,213
Total comprehensive income for the period	<u>5,620,993</u>	<u>3,893,329</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

	Issued, subscribed and paid-up capital			Reserves							Un-appropriated profit	Total
	Ordinary shares	Transaction cost	Total Share Capital	Capital			Revenue					
				Share premium	Others	Total	General reserves	Others	Total			
	(Rupees in '000)											
Balance as at July 1, 2016	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	
Total comprehensive income for the three months period ended September 30, 2016												
Net profit for the period	-	-	-	-	-	-	-	-	-	3,889,116	3,889,116	
Other comprehensive income	-	-	-	-	-	-	-	4,213	4,213	-	4,213	
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	-	-	1,043,554	1,043,554	
Balance as at September 30, 2016 (Un-Audited)	<u>96,653,179</u>	<u>(391,628)</u>	<u>96,261,551</u>	<u>1,500,000</u>	<u>509,172</u>	<u>2,009,172</u>	<u>5,372,356</u>	<u>(17,950)</u>	<u>5,354,406</u>	<u>22,632,973</u>	<u>126,258,102</u>	
Balance as at July 1, 2017	96,653,179	(391,628)	96,261,551	1,500,000	509,172	2,009,172	5,372,356	-	5,372,356	33,068,043	136,711,122	
Total comprehensive income for the three months period ended September 30, 2017												
Net profit for the period	-	-	-	-	-	-	-	-	-	5,620,993	5,620,993	
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	-	-	1,092,498	1,092,498	
Balance as at September 30, 2017 (Un-Audited)	<u>96,653,179</u>	<u>(391,628)</u>	<u>96,261,551</u>	<u>1,500,000</u>	<u>509,172</u>	<u>2,009,172</u>	<u>5,372,356</u>	<u>-</u>	<u>5,372,356</u>	<u>39,781,534</u>	<u>143,424,613</u>	


The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

	Three Months Period ended	
	September 30, 2017	September 30, 2016
	(Rupees in '000)	
Cash flows from operating activities		
Profit before taxation	5,990,278	3,441,879
Adjustments for non-cash charges and other items:		
Depreciation and amortization	3,755,951	3,305,068
Provision for employee retirement benefits	186,421	173,791
Provision for slow moving and obsolete stores, spare parts and loose tools	-	(56,562)
Provision for debts considered doubtful	3,598,885	4,938,761
Gain on sale of property, plant and equipment	(3,960)	(17,156)
Finance cost	726,820	1,049,715
Amortization of deferred revenue	(408,918)	(364,291)
Return on bank deposits	(34,501)	(81,902)
Operating profit before working capital changes	13,810,976	12,389,303
Working capital changes:		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(1,388,354)	(858,514)
Trade debts	(2,542,203)	(6,264,783)
Loans and advances	(147,866)	(105,137)
Trade deposits and short - term prepayments	902,551	239,140
Other receivables	(1,252,280)	(593,933)
	(4,428,152)	(7,583,227)
Increase / (decrease) in current liabilities		
Trade and other payables	787,356	5,974,127
Short-term deposits	838,680	(228,688)
	1,626,036	5,745,439
Cash generated from operations	11,008,860	10,551,515
Employee retirement benefits paid	(304,321)	(302,059)
Income tax paid	872,039	(102,593)
Receipts in deferred revenue	242,738	226,281
Finance cost paid	(697,501)	(890,383)
Interest received on bank deposits	34,501	81,902
Long-term loans	146	2,443
Long-term deposits	1	(2,460)
	147,603	(986,689)
Net cash generated from operating activities	11,156,463	9,564,646
Cash flows from investing activities		
Capital expenditure incurred	(8,181,536)	(2,628,255)
Proceeds from disposal of property, plant and equipment	9,746	90,210
Net cash used in investing activities	(8,171,790)	(2,538,045)
Cash flows from financing activities		
Long-term financing - net	(3,379,474)	(2,019,643)
Short-term borrowings - net	1,475,585	(3,668,541)
Security deposit from consumers	222,199	261,538
Net cash used in financing activities	(1,681,690)	(5,426,646)
Net increase in cash and cash equivalents	1,302,983	1,599,955
Cash and cash equivalents at beginning of the period	(8,421,025)	(4,814,950)
Cash and cash equivalents at end of the period	(7,118,042)	(3,214,995)

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

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.

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 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 (2016: 66.40 percent) shares in the Company as at September 30, 2017.

- 1.2 As notified on Pakistan Stock Exchange on October 28, 2016, Shanghai Electric Power (SEP) Company Limited 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 the 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 takeovers regulations.

- 1.3 The Company, being regulated entity, is governed through Multi Year Tariff (MYT) regime. Accordingly, 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 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 on 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.

Subsequent to the period ended September 30, 2017, NEPRA issued its decision dated October 09, 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 the Company filed a 'Reconsideration request' with NEPRA dated October 26, 2017 under Section 31 (4) of the Regulation of Generation, Transmission

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Distribution of Electric Power 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 (as amended). The Appellate Tribunal is yet to be made functional by the GOP.

The Company also approached the High Court of Sindh (SHC) 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 its case filed with SHC against MYT decision, as the Company decided to pursue its legitimate concerns / issues with Appellate Tribunal and reserves its right to again approach the SHC. Further, 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 three months period ended September 30, 2017, has been based on the revised MYT decision, which has been notified on May 22, 2019 by the Ministry of Energy.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. As per the requirement of circular No. CLD/CCD/PR(II)/2017 dated July 20, 2017 and circular No. 23 of 2017 dated October 4, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), the Company has prepared this condensed interim financial information in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance). Accordingly, approved accounting standards for interim financial reporting comprise of International Accounting Standard 34, 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of or directives issued under the Ordinance prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the Securities and Exchange Commission of Pakistan (SECP) vide its circular no 23/2017 dated October 4, 2017, this condensed interim financial information has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 This condensed interim financial information does not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2017.

2.3 This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency.

2.4 Accounting Estimates, Judgement and Financial Risk Management

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

During the preparation of this condensed interim financial information, there have been no changes in the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty that were applied to the financial statements of the Company for the year ended June 30, 2017.

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 June 30, 2017.

3. ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the annual financial statements for the year ended June 30, 2017.

- 3.2 The Company follows the practice to conduct actuarial valuation annually at the year end. Hence, the impact of remeasurement of post-employment benefit plans has not been incorporated in this condensed interim financial information.
- 3.3 Taxes on income, if any, in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.
- 3.4 There were certain amendments to the approved accounting standards which became effective for the first time for the period ended September 30, 2017 but these are neither considered relevant nor have any significant effect on the Company's financial statements and have therefore, not been disclosed in this condensed interim financial information.

	Note	(Un-Audited) September 30, 2017	(Audited) June 30, 2017
		(Rupees in '000)	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets, at net book value	4.1	208,061,808	207,386,187
Capital work-in-progress		34,109,764	30,344,588
		<u>242,171,572</u>	<u>237,730,775</u>

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

	Additions		Disposals	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	(Rupees in '000)			
Land	5,579	-	-	
Plant and machinery	1,667,290	151,131	-	876
Transmission and distribution network	2,229,574	1,325,936	5,787	72,084
Others	517,067	503,181	-	94
	<u>4,419,510</u>	<u>1,980,248</u>	<u>5,787</u>	<u>73,054</u>

- 4.2 The above disposals represent assets costing Rs. 15.982 million (September 30, 2016: Rs. 189.026 million) which were disposed-off for Rs. 9.746 million (September 30, 2016: Rs. 90.210 million).

	Note	(Un-Audited) September 30, 2017	(Audited) June 30, 2017
		(Rupees in '000)	
5. TRADE DEBTS			
Considered good			
Secured – against deposits from consumers		2,021,725	2,006,797
Unsecured	5.1	100,341,347	101,412,957
		102,363,072	103,419,754
Considered doubtful		57,754,858	58,197,616
		160,117,930	161,617,370
Provision for impairment (against debts considered doubtful)	5.2	(57,754,858)	(58,197,616)
		<u>102,363,072</u>	<u>103,419,754</u>

- 5.1 These balances do not include any Late Payment Surcharge (LPS) on receivables from public sector consumers on the contention 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 liabilities.

As at September 30, 2017, receivable from government and autonomous bodies of Rs. 50,045 million (2017: Rs. 52,060 million) includes unrecognized LPS amounting to Rs. 7,834 million (2017: Rs. 7,550 million). This includes receivable from Karachi Water and Sewerage Board (KW&SB) amounting to Rs.31,377 million including unrecognized LPS of Rs 4,153 million (2017: Rs. 33,173 million including unrecognized LPS of Rs. 4,028 million) and receivable from City District Government Karachi (CDGK) amounting to Rs.12,688 million including unrecognized LPS of Rs. 1,774 million (2017: Rs. 12,740 million including unrecognized LPS of Rs. 1,690 million).

Upto September 30, 2017, 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.

(Un-Audited)	(Audited)
September	June 30,
30, 2017	2017
(Rupees in '000)	

- 5.2 Provision for impairment (against debts considered doubtful)

Opening balance	58,197,616	48,593,591
Provision made during the period / year	3,598,885	18,140,501
	61,796,501	66,734,092
 Write-off against provision during the period / year	 (4,041,643)	 (8,536,476)
	57,754,858	58,197,616

- 5.3 This includes write-off of Rs. 1,396 million to be claimed as tariff adjustment in accordance with the criteria prescribed by NEPRA as explained in note 11.2.

(Un-Audited)	(Audited)
September	June 30,
30, 2017	2017
(Rupees in '000)	

6. OTHER RECEIVABLES
Considered good

Sales tax - net	2,397,181	2,997,626
Due from the Government of Pakistan - net:		
- Tariff adjustments	31,661,503	29,809,793
- Interest receivable from GOP on demand finance liabilities	237,173	237,173
	31,898,676	30,046,966
Others	87,835	86,820
	34,383,692	33,131,412
 Considered doubtful		
Sales tax	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)
	-	-
	34,383,692	33,131,412

7. TAXATION - NET

There is no significant change in the status of the tax contingencies as disclosed in note 40.1 to the annual financial statement of Company for the year ended June 30, 2017.

(Un-Audited) (Audited)
September June 30,
30, 2017 2017

(Rupees in '000)

8. TRADE AND OTHER PAYABLES

Trade creditors

Power purchases	52,664,100	48,607,487
Fuel and gas	20,731,290	20,225,897
Others	<u>5,202,440</u>	<u>4,980,004</u>
	78,597,830	73,813,388

Murabaha finance facilities	-	3,145,500
Accrued expenses	4,235,234	4,106,631
Advances / credit balances of consumers	<u>4,299,469</u>	<u>3,829,340</u>
Others including clawback	<u>33,867,627</u>	<u>35,317,292</u>
	<u>121,000,160</u>	<u>120,212,151</u>

9. SHORT-TERM BORROWINGS – Secured

From banking companies:

Bills payable	847,320	350,147
Short-term running finances	8,290,825	10,498,941
Short-term loan	-	426,208
Structured invoice financing	<u>5,925,684</u>	<u>4,043,337</u>
	15,063,829	15,318,633

From others:

KES Power Limited - Holding Company	37,118	36,870
KE Azm Certificates	-	496,647
KE Azm Sukuk Certificates	<u>1,444,528</u>	<u>1,425,856</u>
	<u>16,545,475</u>	<u>17,278,006</u>

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 Mark-up on overdue balances with National Transmission and Dispatch Company (NTDC) / Central Power Purchase Agency (CPPA), major government owned power supplier, has not been accrued in this condensed interim financial information. 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 September 30, 2017 MOF has released the Company's tariff differential claims aggregating Rs. 367,580 million directly to NTDC / CPPA. Additionally, the Company has directly paid Rs. 20,673 million up to September 30, 2017 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 terms of PPA. Discussions with NTDC / CPPA are underway for the renewal of PPA.

Subsequent to the period end on June 22, 2018, NTDC / CPPA filed a suit 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 September 2017 aggregates to Rs. 53,692 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 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 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 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 and SSGC are both 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 abundance caution, a provision amounting to Rs. 5,269 million (June 30, 2017: Rs. 5,269 million) is being maintained by the Company in this condensed interim financial information on account of mark-up on delayed payment.

10.1.2 There has been no change in the status of matters as discussed in notes 30.1.2 to 30.1.6 to the annual financial statements of the Company for the year ended June 30, 2017.

10.2 Claims not acknowledged as debts

10.2.1 Claims not acknowledged as debts as disclosed in notes 30.2 to the annual financial statements of the Company for the year ended June 30, 2017 remain unchanged substantially except for the following claims;

	(Un-Audited) September 30, 2017	(Audited) June 30, 2017
	(Rupees in '000)	
10.2.2 Outstanding dues of property tax, water charges, custom duty, ground rent and occupancy value	<u>7,306,471</u>	<u>7,365,004</u>
10.3 Commitments		
10.3.1 Guarantees from banks	<u>25,582</u>	<u>25,425</u>
10.3.2 Transmission Projects	<u>1,349,071</u>	<u>1,084,564</u>
10.3.3 Transmission Project (TP - 1000)	<u>30,365,744</u>	<u>37,359,875</u>
10.3.4 Outstanding Letters of Credit	<u>2,727,994</u>	<u>5,509,053</u>
10.3.5 Generation Projects - capital commitment KGTPS-II & SGTPS-II Steam Turbines	<u>-</u>	<u>476,237</u>
10.3.6 Dividend on Preference Shares	<u>1,119,453</u>	<u>1,119,453</u>

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

10.3.7 Commitments for rentals under operating lease agreements in respect of vehicles are as follows:

- not later than one year	<u>72,032</u>	<u>142,517</u>
- later than one year and not later than five years	<u>288,128</u>	<u>570,069</u>

	(Un-Audited) September 30, 2017	September 30, 2016
Note	(Rupees in '000)	

11. Tariff adjustment	11.1 & 11.2	<u>3,584,781</u>	<u>2,284,911</u>
11.1 This represents tariff differential subsidy claim for variation in fuel prices, cost of power purchases, operation and maintenance cost, adjustments required as per NEPRA's MYT decision and those resulting in adjustment of tariff due from Government.			
11.2 Includes Rs. 1,396 million (comprising dues from 22,450 customers) recognized during the period against actual write-off of bad debts, as allowed by NEPRA under the MYT decision for the period July 1, 2016 to June 30, 2023, through the decision dated July 5, 2018.			

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 is required to ensure / carry out certain mandatory procedures.

		(Un-Audited)	
		September 30, 2017	September 30, 2016
		(Rupees in '000)	
12.	PURCHASE OF ELECTRICITY		
	Central Power Purchasing Agency (Guarantee) Limited (CPPA) / NTDC	9,807,541	8,823,583
	Independent Power Producers (IPPs)	6,259,998	4,113,432
	Others	389,393	789,767
		<u>16,456,932</u>	<u>13,726,782</u>
13.	CONSUMPTION OF FUEL AND OIL		
	Natural gas	6,373,018	11,296,654
	Furnace and other oils	11,908,246	7,356,197
		<u>18,281,264</u>	<u>18,652,851</u>
14.	TRANSACTIONS WITH RELATED PARTIES		

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 with related parties not disclosed elsewhere in this condensed financial information are as follows:

		(Un-Audited)	
		September 30, 2017	September 30, 2016
		(Rupees in '000)	
14.1	BYCO Petroleum Pakistan Limited Purchases	<u>1,070,590</u>	<u>-</u>
14.2	Government Related Entities		
14.2.1	Central Power Purchasing Agency (Guarantee) Limited (CPPA) / NTDC Purchases	<u>9,807,541</u>	<u>8,823,583</u>
14.2.2	Pakistan State Oil Company Limited Purchases	<u>10,668,520</u>	<u>7,508,087</u>
14.2.3	Sui Southern Gas Company Limited Purchases	<u>6,373,018</u>	<u>11,296,654</u>
14.3	Key management personnel		
	- Managerial remuneration	<u>52,534</u>	<u>43,806</u>
	- Housing and other allowances	<u>28,893</u>	<u>24,093</u>
	- Other allowances	<u>59,232</u>	<u>75,888</u>
14.4	Provident Fund		
	Contribution to provident fund	<u>197,772</u>	<u>170,352</u>

15. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison. Significant reclassification is as follows:

From	To	September 30, 2016
		(Rupees in '000)
Finance cost	Other operating expenses	65,857

16. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on September 18, 2019 by the Board of Directors of the Company.

17. GENERAL

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



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director










Muhammad Aamir Ghaziani
Chief Financial Officer










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