

REPORT FOR THE
HALF YEAR ENDED
31 DECEMBER 2020

20
20



The Power
of Progress



COMPANY INFORMATION

Board of Directors (BOD)

Shan A. Ashary	Chairman
Syed Moonis Abdullah Alvi	Chief Executive Officer
Khalid Rafi	
Adeeb Ahmad	
Ch. Khaqan Saadullah Khan	
Dr Ahmed Mujtaba Memon	
Jamil Akbar	
Mubasher H. Sheikh	
Muhammad Abid Lakhani	
Mustafa Nasir Farooki	
Ruhail Muhammad	
Syed Asad Ali Shah Jilani	
Waseem Mukhtar	

Board Audit Committee (BAC)

Khalid Rafi	Chairman
Ch. Khaqan Saadullah Khan	Member
Mubasher H. Sheikh	Member
Syed Asad Ali Shah Jilani	Member

Board Human Resource & Remuneration Committee (BHR&RC)

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

Board Finance Committee (BFC)

Ruhail Muhammad	Chairman
Ch. Khaqan Saadullah Khan	Member
Dr Ahmed Mujtaba Memon	Member
Shan A. Ashary	Member

Board Strategy & Project Committee (BS&PC)

Ch. Khaqan Saadullah Khan	Chairman
Adeeb Ahmad	Member
Jamil Akbar	Member
Shan A. Ashary	Member
Syed Moonis Abdullah Alvi	Member
Waseem Mukhtar	Member

Board Regulatory Affairs Committee (BRAC)

Shan A. Ashary	Chairman
Ch. Khaqan Saadullah Khan	Member
Syed Asad Ali Shah Jilani	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

Messrs Abid S. Zuberi & Co.

External Auditors for FY21

Messrs A.F. Ferguson & Co.

Share Registrar

CDC Share Registrar Services Limited
CDC House, 99-B, Block "B", SMCHS, Main Shahrah-e-Faisal, Karachi. Office: 111-111-500

Bankers

Al Baraka 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
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
First Women Bank Limited
Habib Bank Limited
Industrial & Commercial Bank of China Limited, Beijing Branch
Industrial & Commercial Bank of China Limited, Pakistan Branch
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak Brunei Investment Company Limited
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

On behalf of the Board of Directors, we are pleased to present the Company's half yearly Report together with the unaudited Condensed Interim Financial Statements for the six months period ended December 31, 2020.

Key operational and financial results are summarised below:

	JUL-DEC 2020	JUL-DEC 2019
OPERATIONAL	(UNITS - GWh)	
Units generated (net of auxiliary)	5,376	5,260
Units purchased	4,432	4,101
Total units available for distribution (sent out)	9,808	9,361
Units billed	8,344	7,910
Transmission & Distribution Losses %	14.9%	15.5%
	(PKR - MILLIONS)	
FINANCIAL		
Revenue	153,358	158,388
Gross profit	29,855	24,229
Profit before finance cost	14,248	12,864
Profit before taxation	8,668	4,817
Taxation – net	[1,796]	[2,022]
Net Profit for the period	6,872	2,795
Earnings per share-BASIC/DILUTED [Rupees]	0.25	0.10
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	24,464	22,230

Financial Review

During the period under review, the Company showed strong operational performance on the back of improved macroeconomic environment subsequent to uplifting of the COVID-19 lockdown along with investments of around PKR 26,422 million across the power value chain. As a result, during the period under review, units sent out grew by 4.8% along with a 5.5% increase in units billed and 0.6% points reduction in T&D losses. This was mainly due to growth in the industrial segment which was 10% higher as compared to same period last year. Driven by these operational improvements, the Company's gross profit increased by 23% as compared to same period last year.

Another major variation is in the finance cost for the period which was around 31% lower than the comparative period. This was mainly on account of reduction in KIBOR rates as average borrowing cost for the Company decreased by more than 5%, contributing PKR 2.5 billion to the bottom line.

Update on Significant Matters

Generation:

On the self-generation front, the Company continued to make strides on 900 MW RLNG Project. Civil structure of critical systems has been completed and installation of Gas Turbine, Steam Turbine and Unit Main Transformer for the first unit (450 MW) is in progress.

Pursuant to signing of Heads of Terms Agreement with Pakistan LNG Limited (PLL) in October 2020 for RLNG supply, the Company is in discussions with PLL for signing of GSA for 150 MMCFD RLNG supply. In this respect, Ministry of Energy (Petroleum Division) has also directed relevant stakeholders including PLL and SSGC to resolve pending issues and to expedite the execution of GSA, to ensure timely fuel supply and commissioning of first unit (450 MW) of 900 MW plant by Summer of 2021.

Subsequent to period under review, in January 2021, OGRA issued Transmission License to the Company for construction and operation of spur pipeline for supply of RLNG to Bin Qasim Complex, following which construction works on the Spur Pipeline have commenced, with expected completion by March 2021.

In addition to pursuing the 900 MW project on fast-track basis, during the period under review, the Company made simultaneous investment in maintenance and rehabilitation of its existing plants. In this respect, annual maintenance at Units 1 and 6 of BQPS-I, major overhaul of Gas Turbine-1 at Korangi Combined Cycle Power Plant (KCCPP) and 60k maintenance of six engines and two block transformers at Korangi Gas Turbine Power Station (KGTPS) were carried out.

Further, in line with NEPRA directives, the Company is also pursuing commissioning of High-Speed Diesel (HSD) fuel as an alternate fuel at KCCPP.

During the period under review, BQPS-I was awarded the ISO 55001 certification in recognition of its excellent Asset Management System, and as a result, all KE power stations are now ISO 55001 certified.

Transmission:

To manage the projected growth in power demand for summer of 2021, KE is in continuous engagement with relevant stakeholders including GoP and NTDC for off-take of additional 450 MW through existing interconnections as part of the 1,400 MW additional supply committed by Federal Government for Karachi. To expedite the process of required rehabilitation and implementation of 'Cross-Trip' Scheme to be undertaken by NTDC to enable additional supply of 450 MW through existing interconnections, KE procured the required hardware and has handed it over to NTDC. It is expected that the required rehabilitation works including implementation of 'Cross-Trip' Scheme will be completed by March 2021, enabling evacuation of additional 450 MW through existing interconnections from April 2021 onwards.

Further, for off-take of remaining megawatts from the National Grid, the Company has initiated the process for setting up of new grids and interconnections at 220kV and 500kV level. In this regard, construction works of 220kV Grid Station and its associated Transmission line at Dhabeji have started with expected energization by Q3 of FY 2022, whereas, for 500kV KKI Grid and interconnection, tendering process has been initiated. As the Company operates under a cost-plus tariff regime, the Company remains in continuous engagement with NEPRA to expedite the approval process for required investment in the MYT.

Moreover, to finalize contractual modalities for off-take of additional power from the National Grid, KE is in discussions with NTDC and CPPA and the same are in advanced stages.

The Company also plans to undertake significant investments in the rural segments of its service territory by upgrading its infrastructure to meet the increasing load profile which will also facilitate economic activities in these areas. In this respect, KE has planned phase wise rehabilitation of existing transmission lines from Hub-Chowki to Bela grid for which phase-1 has already started with expected completion by end of FY 2021, while phase-2 has initiated from December 2020, with expected completion within a year. Also, in parallel to rehabilitation, enhancement of grids in Vinder, Uthal & Bela is planned including upgradation from 66 kV to 132 kV levels along with commissioning of new lines.

Distribution:

In the distribution segment, the Company has planned projects aimed at loss reduction, safety enhancement and network improvement. Aerial Bundle Cabling (ABC) roll-out continued with over 750 Pole Mounted Transformers (PMT) converted to ABC during first half of FY 2021, and the Company aims to convert all high loss PMTs to ABC by 2023, which combined with community engagement and upliftment initiatives would enable to continue with the loss reduction trajectory and exempt over 93% of service area from load-shed.

During the period under review, the Company launched second phase of Project Sarbulandi; a transformational project that aims to uplift underdeveloped areas of Karachi. Initiatives under Project Sarbulandi focus on improving network health,

minimizing commercial losses through ABC conversion, increasing recoveries and upliftment of areas through community engagement activities. KE has successfully removed over 90,000 hook connections from different areas under Project Sarbulandi along with installation of around 55,000 meters through Mobile New Connection Van (MNCV) and 16,000 Asaan Meters in targeted areas during the first half of FY 2021.

Moreover, KE remains committed to invest and improve network health, reliability and safety. In this regard, the Company's planned initiatives include capacity enhancement through addition of feeders and PMTs, network safety initiatives such as Public Accident Prevention Plan (PAPP) and a PKR 9.5 Billion Rain Emergency Rehabilitation Plan (RERP) would help improve network resilience. Supplementing the loss reduction and network and safety enhancement initiatives, the Company has introduced Advanced Metering Infrastructure (AMI) and smart meters have been installed at PMT and large industrial consumer level, to improve energy Management.

Business Development:

As part of the diversification strategy, a wholly owned subsidiary named KE Venture Company (Pvt) Ltd (KEVCL) has been incorporated. KEVCL will be the holding company for the different initiatives taken by the Company in the energy sector in Pakistan with focus initially on exploring investments in the Renewable Energy space. Additionally, another company, K-Solar, has been incorporated under KEVCL; which would be targeting the Distributed Generation business.

KE has started development process for setting up solar power projects of 150 MW capacity at Vinder, Uthal and Bela under IPP structure. In addition to diversifying KE's fuel mix, completion of the project along with the new double circuit 132 kV transmission line as planned will also support commercial and industrial activities in the area.

During the period under review, Lotte Pakistan has started supply of power to KE from its captive unit under the Power Acquisition Contract (PAC) for upto 14 MW. Additionally, KE and Lucky Cement have negotiated and submitted PAC for supply of 5 MW to DHA City Karachi for NEPRA's approval.

Corporate Social Responsibility:

As an integral part of Karachi, KE is committed to serve it and uplift it. As such, KE practices a robust sustainability program, aimed at economic empowerment via health, education, and community upgradation.

Community development & upliftment is an integral part of KE's social initiatives. For this, its flagship Project Sarbulandi was launched. Under the Sarbulandi umbrella, the Company has engaged with 384 communities, interacting with over more than 3 million community residents. Over the past year alone, 76 economically vulnerable communities were engaged with. The Company hosted 32 free health camps, where over 5,000 individuals were treated. Additionally, 2 schools at Landhi and Lyari were renovated. This has benefited around 850 students through provision of a safe studying environment, clean access [removal of garbage dumping site] and provision of playground facilities. The Company also conducted community safety awareness sessions around monsoon preparations and COVID-19 through 314 mosques and 6 churches in high-risk areas of the city, with approximately 92,000 persons reached. In further efforts to uplift the targeted areas, 2 water filtration plants were installed in Surjani, and Orangi Town for provision of potable water directly benefiting more than 15,000 individuals.

KE has also enabled enhancement of sporting activities within these communities. The Company renovated a community football ground, making it usable and safe for around 6,000 children annually in Orangi Town. 12 community-based cricket teams also participated in the KE Sarbulandi Sports tournament where 240 community players got the chance to showcase their talent.

In addition, during the year, dry rations were distributed in rain affected pockets of the city including Lyari, Orangi, Gadap, Malir, Surjani, in collaboration with Saylani Welfare, which covered 1,000 families. KE also provided capacity building and COVID-19 Support to 64 front-line community clinics operated by HANDS and SINA welfare.

Other Significant Matters

Growing Receivables from Government Entities and Departments

As of December 2020, KE's net receivables from various Federal and Provincial entities, stood at around PKR 78 billion on principal basis. The backlog of receivables continues to have a consequential impact on the Company's cashflow position, significantly hampering Company's ability to enhance the pace of investment in power infrastructure.

With regard to a sustainable resolution to the issue of receivables and payables, discussions around finalization of Terms of Reference (ToRs) to resolve historic disputes via arbitration involving relevant parties are ongoing, along with implementation of a mechanism to prevent such disputes arising in the future. These discussions are being facilitated by the Privatization Commission. The Company remains in continuous engagement with relevant stakeholders and seeks a fair and equitable resolution to the issue in accordance with the law.

Safety Incidents – July & August 2020 Rains

As part of its commitment to continue strengthening the reliability and safety of its network, the Company revisited safety practices and completed revalidation of earthing and grounding of all low-tension (LT) poles.

Further, KE continues to pursue the matter of illegal encroachment of KE's network by TV and internet cables and is continuously removing these illegal cables from its network. KE also seeks support from relevant authorities to combat external factors including theft of earthing / grounding material and illegal / unsafe use of KE's network.

NEPRA issued a Show Cause Notice to the Company on November 18, 2020 for the alleged public fatalities during the torrential rains in July and August 2020 while acknowledging that majority of the incidents occurred outside KE's purview. KE is a responsible corporate entity and has filed its detailed response and will continue to take all the required remedial measures and explore areas for power infrastructure improvement to strengthen reliability and safety of power supply.

Authority Proposed Modification in Distribution License of KE

Pursuant to the Honorable Supreme Court's order dated September 01, 2020 in relation to proceedings under Section 26 of the NEPRA Amended Act, 2018 on exclusive distribution rights given to the Company, NEPRA invited comments from stakeholders, and a public hearing was held in the matter on September 21, 2020.

The Company highlighted that the Authority Proposed Modification was in fact against the public interest due to increase in cost for regulated consumer segments on account of increase in idle capacity, increase in T&D losses and avoidance of cross subsidy/social obligation cost. As a result, due to these factors no level playing field is provided, and therefore a policy clearly and comprehensively mapping out the transition plan to move towards open markets should be formulated at first. Further, decision on the matter is awaited.

Government Policies & Changes to Sector Landscape

In a move to enhance consumption from the National Grid facing exorbitant capacity costs, the GoP has decided not to allow fresh gas connections and disconnect supplies for captive power plants. This will result in a shift of captive power plants to the National Grid and KE Grids, which is expected to be further supplemented by reduced power rates on incremental consumption by industrial consumers, thus having a positive impact on utilization.

Further, the regulatory landscape in Pakistan is set to change with implementation of Competitive Trading Bilateral Contracts Market (CTBCM) model to introduce a competitive wholesale electricity market across the country. NEPRA through its determination dated November 12, 2020 approved the detailed design of CTBCM, however, NEPRA has not approved the proposed integration of KE and directed KE to evaluate and develop its plan for transition towards CTBCM in consultation with relevant stakeholders.

While the Company is in the process of evaluating and developing its plan for implementation of CTBCM in KE's area, it is important to ensure a sustainable and orderly transition with resolution to all policy and regulatory matters, providing a level playing field for all.

Auditors' Observation:

With respect to the 'Emphasis of Matter' in the Independent Auditors' Report to the members, it is informed that:

As explained in Note 12.1.1 to the Condensed interim financial statements, the mark-up/financial charges on outstanding liabilities due to government-controlled entities will be payable by the Company only when it will receive mark-up on outstanding tariff differential claims from GOP and energy dues of the public sector consumers. This narrative of the Company is duly supported by legal advices obtained in this respect.

As explained in Note 12.1.3 to the condensed interim financial statements, the Supreme Court of Pakistan vide its decision dated August 13, 2020 has declared the Gas Infrastructure Development Cess (GIDC) Act, 2015 to be valid. In this respect the Company's suit is pending before the High Court of Sindh on the grounds amongst others that the Company falls within the category of gas consumers who have not accrued the GIDC in their books and have neither recovered nor passed it on to their consumers.

Board of Directors (BOD)

During period under review, Riyadh S.A.A. Edrees resigned from the position of Chairman and Director and Shan A. Ashary was elected as Chairman of the Board of Directors of the Company effective September 07, 2020, whereas Mustafa Nasir Farooki filled-up the casual vacancy effective December 05, 2020.

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.



Shan A. Ashary
Chairman



Syed Moonis Abdullah Alvi
Chief Executive Officer

Karachi, February 25, 2021

ان امور پر فیصلے کا انتظار ہے۔

حکومتی پالیسیز اور ایکٹس کے منظر نامے میں تبدیلیاں پیش نظر رکھ کر چارجز کا سامنا اور جو پاوریکٹس کیلئے ایک انتہائی بڑا چیلنج ہے، اس میں موجودہ بجلی کی کھپت کو بڑھانے کیلئے حکومت پاکستان نے فیصلہ کیا ہے کہ کینیڈا پاور پلانٹس کے گیس کنٹیکشن کو منقطع کیا جائے گا اور نئے گیس کی اجازت نہیں دی جائے گی۔ نتیجتاً، کینیڈا پاور کنزومرز اپنی بجلی کی ضروریات پوری کرنے کیلئے پیش نظر KE گرڈ پر منتقل ہوں گے۔ اس کے ساتھ ساتھ، انڈسٹریل کنزومرز کی جانب سے اضافی کنزومیشن کے ریٹس میں رعایت، پیش نظر گرڈ کی کھپت کو بڑھانے میں مزید کاربند ہوں گی، جس کے پاوریکٹس پر مثبت اثرات مرتب ہوں گے۔

مزید برآں، پاکستان میں انضمامی منظر نامہ کینیڈا ٹریڈنگ بائی لیٹرل کنٹریکٹس مارکیٹ (CTBCM) ماڈل کے نفاذ کے ساتھ تبدیل ہونے جا رہا ہے جس سے ملک میں کینیڈا ہول سیل الیکٹریٹیٹی مارکیٹ کو متعارف کروایا جائے گا۔ نیچر ان اپنی ڈیٹا مینیشن کے ذریعے مورخہ 12 نومبر 2020ء کو CTBCM کا منفصل ڈیزائن منظور کر لیا ہے۔ لیکن نیچر ان نے KE کے مجوزہ Integration کو منظور نہیں کیا ہے اور KE کو ہدایت کی ہے کہ متعلقہ اسٹیک ہولڈرز کے ساتھ مشاورت کر کے CTBCM کی جانب منتقلی کیلئے اس کے منصوبے کا تجدید لگائے اور اس کی تشکیل کرے۔

کمپنی اپنے سروس ایریا میں CTBCM کے نفاذ کیلئے پلان تیار کر رہی ہے، تاہم یہ بات انتہائی اہمیت کی حامل ہے کہ یکساں مواقع فراہم کرنے کیلئے اور ریگولیٹری امور کے حل کے ساتھ پائیدار اور منظم منتقلی کو یقینی بنایا جائے۔

آڈیٹرز کے مشاہدات

ممبرز کیلئے آزاد آڈیٹرز رپورٹ میں ”توجہ طلب امور“ کے سلسلے میں، یہ اطلاع دی گئی ہے کہ:

مختصر عہدوری مالی گوشواروں کے ملاحظہ نمبر 12.1.1 میں وضاحت کردہ کے مطابق، حکومتی اختیار میں موجود اداروں کی وجہ سے واجبالا دار قوم پر مارک اپ/فنانشل چارجز کمپنی صرف اُس صورت میں ادا کرے گی جب کمپنی حکومت پاکستان کی طرف سے آڈٹ اسٹینڈنگ ڈیٹریٹیشن کلیمز پر مارک اپ وصول کرے گی اور سرکاری شعبے کے صارفین سے توانائی کے واجبات وصول کرے گی۔ کمپنی کا یہ بیانیہ اس سلسلے میں حاصل کیے گئے قانونی مشوروں کے حسبِ اعانت ہے یعنی ان کے مشورے بھی کے ای کے بیان کی تائید کرتے ہیں۔

مختصر عہدوری مالی گوشواروں کے ملاحظہ نمبر 12.1.3 میں وضاحت کردہ کے مطابق، عدالت عظمیٰ پاکستان نے بحوالہ اس کے فیصلے مورخہ 13 اگست 2020ء میں اعلان کیا ہے کہ گیس انفراسٹرکچر ڈویلپمنٹ سیس (GIDC) ایکٹ، 2015ء جائز العمل ہوگا۔ اس سلسلے میں کمپنی کا مقدمہ سندھ ہائی کورٹ کے رو بروزی التواء ہے، کمپنی گیس صارف کے اس زمرے میں آتی ہے جس نے اپنی کتب میں GIDC جمع نہیں کیا ہے اور تاہی ان کے صارفین سے وصولی کی ہیں اور تاہی اُسے آگے بھیجا ہے۔

بورڈ آف ڈائریکٹرز

زیر جائزہ عرصے کے دوران، ریاض ایس اے اے اور ایس نے چیئر مین اور ڈائریکٹرز کے عہدے سے استعفیٰ دے دیا تھا اور شان اے۔ اشعری کو مورخہ 7 ستمبر 2020ء سے کمپنی کے بورڈ آف ڈائریکٹرز کے چیئر مین منتخب ہوئے تھے، جبکہ مصطفیٰ ناصر فاروقی نے ہنگامی اساسی کو مورخہ 5 دسمبر 2020ء سے چُکایا تھا۔

اعترافات

بورڈ کمپنی کے شیئرز اور صارفین کا دل کی گہرائیوں سے ان کے تعاون اور تعامل کیلئے شکریہ ادا کرنا چاہتا ہے اور ساتھ ہی کمپنی کے تمام ملازمین کی کوششوں کو بھی تہنود سے سراہتا ہے۔



شان اے۔ اشعری

چیئر مین



سید منسیر عبداللہ علوی

چیف ایگزیکٹو آفیسر

علاقوں میں 314 مساجد اور 6 گر جاگھروں کو شامل کیا گیا تھا جس میں تقریباً 92,000 افراد شریک ہوئے۔ ہدف کیے گئے علاقوں کی ترقی کی مزید کوششوں میں سرجانی ٹاؤن کے اندر 2 واٹر فلٹر پلانٹس اور اورنگی ٹاؤن میں پینے کے صاف پانی کی براہ راست فراہمی سے 15,000 سے زائد افراد کو فائدہ پہنچا۔

KE نے ان آبادیوں کے اندر کھیلوں کی سرگرمیوں کے اضافے کو بھی ممکن بنایا۔ کمپنی نے اورنگی ٹاؤن میں کمیونٹی فٹبال گراؤنڈ کی ترمیم و آرائش کر کے اسے قابل استعمال اور محفوظ بنایا جس میں 6,000 سے زائد تعداد میں بچے سالانہ کھیلنے آتے ہیں۔ KE سر بلندی اسپورٹس ٹورنامنٹ میں آبادیوں کی 12 کراٹ ٹیموں نے شرکت کی جہاں سے 240 کھلاڑیوں کو اپنے جوہر اور مہارت دکھانے کا موقع ملا۔

اس سال کے دوران شہر کے بارش زدہ علاقوں میں سیلابی و بلیفیر کی مدد سے خشک راشن بھی تقسیم کیا گیا جس میں لیباری، اورنگی، گڈاپ، ملیہ، سرجانی ٹاؤن شامل ہیں جہاں 1,000 سے زائد گھرانوں میں راشن تقسیم کیا گیا۔ KE نے KE HANDS and SINA و بلیفیر کی طرف سے چلنے والے 64 کمیونٹی کلبس کو مزید گنجائش کی تعمیر اور کووڈ-19 کے سلسلے میں مدد بھی فراہم کی ہے۔

دیگر اہم امور

حکومتی اداروں اور شعبوں سے بڑھتی ہوئی وصولیاں

دسمبر 2020ء کے مطابق، KE کی مختلف وفاقی اور صوبائی اداروں سے خالص وصولیوں کی رقم لگ بھگ اصل کی بنیاد پر 78 ارب روپے بنتی ہے۔ وصولیوں کے انبار نے کمپنی کے کیش فلو کی صورتحال پر بُرے نتائج مرتب کیے ہیں، خاص طور پر کمپنی کی پاور انفراسٹرکچر میں سرمایہ کاری کی رفتار بڑھانے کی صلاحیت کو نقصان پہنچا رہا ہے۔

وصولیوں اور واجبات الادا تو م کے مسئلے کے پائیدار حل کے سلسلے میں، جس میں کسی مارک اپ، ٹرمز آف ریفرنس کو حتمی شکل دینے کیلئے ثالثی کے ذریعے ماضی میں موجود متعلقہ فریقین کے درمیان تنازعات کے حل کیلئے بات چیت جاری ہے، بات چیت کے اس عمل میں پرائیویٹائزیشن کمیشن کی سہولت کاری کے ساتھ مستقبل میں پیش آنے والے ایسے تنازعات کی روک تھام کیلئے کسی طریقہ کار کے نفاذ کو بھی شامل کیا گیا ہے۔

کمپنی متعلقہ اسٹیک ہولڈرز کے ساتھ مسلسل رابطہ برقرار رکھے ہوئے ہے اور قانون کے مطابق ان مسائل کا منصفانہ اور جائز حل چاہتی ہے۔

حفاظتی واقعات - جولائی اور اگست 2020ء بارشیں

نیٹ ورک کی حفاظت اور اعتماد کو مستحکم کرنے کے عزم کے جزو کے طور پر، کمپنی نے حفاظتی طور پر لیٹیوں پر از سر نو غور کر لیا ہے اور تمام Low-Tension والے پوز (LT) کی ارتھنگ اور گراؤنڈنگ کی از سر نو ڈرٹی کو مکمل کر لیا ہے۔

اس کے علاوہ KE ٹی وی اور انٹرنیٹ کیبلز کی جانب سے KE نیٹ ورک سے ان غیر قانونی کیبلز کو مسلسل ہٹا رہا ہے۔ KE متعلقہ حکام سے بیرونی عناصر سے نمٹنے کیلئے مدد بھی طلب کر رہا ہے جس میں ارتھنگ / گراؤنڈ میٹر میل کی چوری اور KE نیٹ ورک کی چوری اور KE نیٹ ورک کے غیر محفوظ استعمال بھی شامل ہیں۔

نمبر 18 نومبر 2020ء پر کمپنی کو جولائی اور اگست 2020ء میں طوفانی بارشوں کے دوران میدیہ عوامی اموات کیلئے شوکا زونٹس بھی جاری کیا ہے جبکہ تسلیم بھی کیا کہ زیادہ تر واقعات KE کے دائرہ کار سے باہر واقع ہوئے ہیں۔ KE ایک ڈسٹر کاروباری ادارہ ہے اور اس نے اپنا تفصیلی جواب جمع کروا دیا ہے اور درکار تمام ازالہ کے اقدامات بھی لیتا رہے گا اور پاور سپلائی کی حفاظت اور اعتماد کو مستحکم کرنے کی غرض سے پاور انفراسٹرکچر کی بہتری کے مختلف مقامات و شعبوں کا کھوج بھی لگاتا رہے گا۔

KE کے ڈسٹری بیوٹن لائسنس میں اتھارٹی کی تجویز کردہ ترمیم

کمپنی کو دیئے گئے خصوصی تقسیم کے حقوق سے متعلق نمبر 17 اکتوبر 2018ء کی دفعہ 26 کے تحت کارروائی کے سلسلے میں معزز سپریم کورٹ ستمبر 2020ء کے حکم کے مطابق نمبر 17 اکتوبر 2020ء کو ہونے والے طلب کیے اور اس معاملے میں ایک عوامی سماعت 21 ستمبر 2020ء کو ہوئی۔

کمپنی نے واضح کیا کہ اتھارٹی سے مجوزہ ترمیم درحقیقت عوام کے مفاد کے خلاف ہے جس کا سبب نا کارہ گنجائش میں اضافے کی وجہ سے صارف کے باضابطہ شعبوں کیلئے لاگت میں اضافے، T&D نقصانات میں اضافے اور کراس سبڈی / سوشل ہبلنگ لائسنس کو نظر انداز کرنا ہے۔ اس کے نتیجے میں، ان عوامل کی وجہ سے لیول پلیننگ فیلڈ فراہم نہیں کی گئی، اور اسی وجہ سے اوپن مارکیٹس کی طرف بڑھنے کیلئے منتقلی کے منصوبے کی واضح اور جامع نقشہ سازی کرنے والی پالیسی پہلے بنانی چاہیے۔

معاشی سرگرمیاں بھی آسان ہو جائیں گی۔ اس سلسلے میں، KE نے بیلا گروڈ تا حب چوکی موجودہ ٹرانسمیشن لائنز کی مرحلہ وار بحالی کا منصوبہ بنایا ہے جس کیلئے پہلا مرحلہ شروع ہو چکا ہے اور امید ہے کہ مالی سال 2021ء کے اختتام پر ایک سال کے اندر مکمل ہو جائے گا، جبکہ دوسرا مرحلہ دسمبر 2020ء میں شروع کر دیا گیا تھا۔ اسے بھی ایک سال کے اندر مکمل ہونا تھا۔ وندر، اوٹھل اور بیلا میں گروڈ کی بحالی کے ساتھ ساتھ اس میں اضافے کی بھی منصوبہ بندی کی گئی ہے جس میں نئی لائنز کے آغاز کے ساتھ 66kV تا 132kV کی اپ گریڈیشن بھی شامل ہے۔

ڈسٹری بیوشن (تقسیم کاری):

تقسیم کاری کے شعبے میں، کمپنی نے جو منصوبے کیے ہیں جن کا مقصد نقصانات میں کمی، حفاظت میں اضافے اور نیٹ ورک کی بہتری ہے۔ ایئر لائن بندل کیبلنگ (ABC) کا 750 سے زائد پول ماؤنٹڈ ٹرانسفارمرز (PMTs) کو ABC پر منتقل کرنے کے ساتھ مالی سال 2021ء کے پہلے نصف میں جاری رہا اور کمپنی 2023ء کے اختتام تک تمام زیادہ نقصان والے PMTs کو ABC پر منتقل کرنے کا ارادہ رکھتی ہے جو کہ کمیونٹی کی شمولیت اور بہتری والے اقدامات کے ہمراہ کے۔ الیکٹریک کو نقصان میں کرنے اور اپنے سروس ایریا کے 93% علاقوں کو لوڈ شیڈنگ سے مستثنیٰ کرنے کے قابل بنائیں گے۔

زیر جائزہ عرصے کے دوران، کمپنی نے پروجیکٹ سر بلندی کے دوسرے مرحلے کا آغاز کر دیا، یہ ایک ٹرانسفارمیشن پروجیکٹ ہے جس کا مقصد کراچی کے غیر ترقی یافتہ علاقوں کو ترقی دینا ہے۔ پروجیکٹ سر بلندی کے تحت اقدامات میں نیٹ ورک میں ڈسٹری بیوشن، تجارتی نقصانات کو ABC منتقلی کے ذریعے کم سے کم کرنا، وصولیوں میں اضافہ کرنا اور کمیونٹی کی شمولیت کی سرگرمیوں کے ذریعے علاقوں کی ترقی کرنا ہے۔ KE نے 90,000 سے زائد کنڈے کامیابی کے ساتھ بنادے ہیں جس کے ساتھ ہی موہا بل نیوکلیکیشن وین (MNCV) کے ذریعے لگ بھگ 55,000 میٹر بھی نصب کر دیے ہیں اور مالی سال 2021ء کے پہلے نصف کے دوران 16,000 آسان میٹرز کا ہدف ان علاقوں کیلئے رکھا گیا ہے۔

مزید برآں، KE اپنے نیٹ ورک کی صحت، قابل بھروسہ ہونے اور تحفظ کی غرض سے سرمایہ کاری کرنے کیلئے پرعزم ہے۔ اس سلسلے میں، کمپنی کے منصوبہ کردہ اقدامات میں اضافی PMTs اور فیڈرز کے ذریعے صلاحیت بڑھانا، نیٹ ورک کے حفاظتی اقدامات جیسے پبلک ایکسیڈینٹ پری وینشن پلان (PAPP) اور 9.5 ارب روپے کارین ایمرجنسی ری پبلی ٹیشن پلان (RERP) شامل ہیں جس سے نیٹ ورک مزاحمت کو بڑھانے میں مدد ملے گی۔ نقصانات میں کمی اور حفاظت کی بہتری کے اقدامات کو بڑھاتے ہوئے، کمپنی نے ایڈوانسڈ میٹرنگ انفراسٹرکچر (AMI) اور اسمارٹ میٹرز کی PMTs اور بڑے صنعتی صارف کی سطحوں پر تنصیب کر رہا ہے تاکہ انرجی میٹمنٹ کو بہتر بنایا جائے۔

کاروبار کا فروغ

متنوع حکمت عملی کے حصے کے طور پر، ایک مکمل ملکیتی ذیلی کمپنی جس کا نام KE Venture کمپنی (پرائیوٹ) لمیٹڈ (KEVCL) ہے کی تشکیل کر دی گئی ہے۔ KEVCL قابل تجدید Energy Space میں سرمایہ کاری کی تلاش پر ابتدائی توجہ کے ساتھ پاکستان میں شعبہ توانائی میں کمپنی کی جانب سے لیے گئے مختلف اقدامات کیلئے ایک ہولڈنگ کمپنی ہوگی۔ اس کے علاوہ ایک اور کمپنی بنام K-Solar بھی KEVCL کے تحت قائم کی گئی ہے جو کہ ڈسٹری بیوٹیڈ جزییشن برنس کو ہدف کرے گا۔

KE نے IIPP اسٹرکچر کے تحت وندر، اوٹھل اور بیلا پر 150MW گنجائش کے سولر پاور پروجیکٹس کے قیام کیلئے ترقیاتی عمل کا آغاز کر دیا ہے۔ KE کے فیول کس کو متنوع بنانے کے علاوہ، منصوبے کے مطابق اس پروجیکٹ کی تکمیل اور نئی ڈبل سرکٹ 132Kv ٹرانسمیشن لائن ان علاقوں میں تجارتی اور صنعتی سرگرمیوں کی مدد کرے گی۔

زیر جائزہ عرصے کے دوران، Lotte Pakistan نے 14MW کیلئے پاور ایکویزیشن کنٹریکٹ (PAC) کے تحت اس کے گنجائش پونٹ سے KE کو توانائی کی فراہمی شروع کر دی ہے۔ علاوہ ازیں، KE اور کی سیمنٹ نے نہرا کی منظوری کیلئے ڈی ایچ اے سٹی، کراچی کو 5MW کی فراہمی کیلئے بات کی ہے اور PAC جمع کروا دیا ہے۔

ادارہ جاتی سماجی ذمے داری:

کراچی کے لازمی حصے کے طور پر، KE اس کی خدمت اور ترقی کیلئے پرعزم ہے۔ اسی لئے KE ایک مضبوط استحکام و پائیداری کے پروگرام پر عمل پیرا ہے جس کا مقصد صحت، تعلیم اور سماجی ترقی کے ذریعے معاشی اختیار و طاقت پیدا کرنا ہے۔

معاشرتی ترقی اور نشوونما KE کے سماجی اقدامات کا لازمی جزو ہے۔ اس کیلئے کے۔ الیکٹریک کا ایک پرچم بردار پروجیکٹ سر بلندی شروع کر دیا گیا ہے۔ سر بلندی کی چھتری تلے، کمپنی نے 30 لاکھ سے زائد رہائشیوں کے ساتھ 384 آبادیوں میں اشتراک عمل کا آغاز کر دیا ہے۔ صرف پچھلے سال ہی 76 معاشی طور پر پسماندہ آبادیوں میں کام کیا جا چکا ہے۔ کمپنی نے 32 مفت طبی کمپس لگائے جہاں 5,000 سے زائد افراد کا علاج کیا گیا۔ اس کے علاوہ لائڈھی اور لیاری میں دو اسکولز کی تزئین و آرائش کی گئی جس سے محفوظ تدریسی ماحول، صاف ستھرے مقام (کوڑے کرکٹ اور گندگی کے ہٹانے سے) اور کھیلوں کے میدان کی سہولیات کی فراہمی کے ذریعے 850 طلباء مستفید ہوئے۔ کمپنی نے مومن سون کی تیار یوں اور کوڈ-19 کے آس پاس سماجی تحفظ کی آگہی کیلئے مختلف نشانیوں بھی منعقد کیں جس میں شہر کے زیادہ خطرے والے

اہم امور پر تازہ ترین صورتحال

جزیشن (تفکیک و پیداوار):

سیلف جزیشن یعنی خود پیداواری محاذ پر، کمپنی نے 900 میگا واٹ RLNG پروجیکٹ پر پیش قدمی جاری رکھی۔ کریڈیٹنگ سسٹم کے سول اسٹریکچر مکمل کر لیے گئے اور پہلے (450MW) یونٹ کیلئے گیس ٹرہاؤں، اٹیم ٹرہاؤں اور یونٹ مین ٹرانسفر مہینے کیلئے پیش رفت ہو رہی ہے۔

اکتوبر 2020ء میں پاکستان ایل این جی لمیٹڈ (PLL) کے ساتھ ہیڈ آف ٹرمز اگریمنٹ (معاہدے کی شرائط) پر دستخط کی پیروی میں جو کہ RLNG کیلئے تھیں، کمپنی 150 MMCFD RLNG سپلائی کیلئے GSA کو دستخط کیلئے PLL کے ساتھ مذاکرات میں مصروف ہے۔ اس سلسلے میں وزارت توانائی (پیٹرولیم ڈویژن) نے متعلقہ اسٹیک ہولڈرز جس میں PLL اور SSGC شامل ہیں کو بھی ہدایات جاری کر دی ہے کہ ذریعہ التوا مسائل کو فوری حل کر کے GSA کو فوری تعمیل کیا جائے تاکہ ایجنڈہ کی بروقت فراہمی اور 2021ء کے موسم گرما تک 900MW کے پہلے یونٹ (450 میگا واٹ) کے آغاز کو یقینی بنایا جاسکے۔

زیر جائزہ مدت کے بعد، جنوری 2021ء میں، OGRA نے بن قاسم کمپلیکس کیلئے RLNG کی فراہمی کیلئے ایک اسپر پائپ لائن کی تعمیر اور کارروائی کیلئے کمپنی کو ٹرانسمیشن لائسنس جاری کیا، جس کے بعد اسپر پائپ لائن پر تعمیراتی کام کا آغاز ہو چکا ہے۔

تیز رفتاری ٹریک کی بنیاد پر 900MW کے منصوبے کو آگے بڑھانے کے علاوہ، زیر غور مدت کے دوران کمپنی نے اپنے موجودہ پلانٹس کی دیکھ بھال اور بحالی میں بیک وقت سرمایہ کاری کی۔ اس سلسلے میں BQPS-1 کی یونٹ 1 اور 6 میں سالانہ مرمت، کورنگی کمپنڈ سائیکل پاور پلانٹ (KCCPP) میں گیس ٹرہاؤں 1 کا اہم اور ہال اور کورنگی گیس ٹرہاؤں پاور اسٹیشن (KGTPS) میں چھ انجنوں اور دو بلاک ٹرانسفارمرز کی 60k مرمت کی گئی۔

نیچر ا حکامات کی ہم آہنگی میں، کمپنی KCCPP پر متبادل ایجنڈہ کے طور پر ہائی اسپید ڈیزل (HSD) کی کمیشننگ کا آغاز بھی کر رہی ہے۔

زیر جائزہ عرصے کے دوران، BQPS-1 کو بہترین ایسیٹ مینجمنٹ سسٹم کے اعتراف میں ISO 55001 سرٹیفیکیشن سے بھی نوازا گیا، جس کے نتیجے میں اب KE کے تمام پاور اسٹیشنز ISO 55001 سند یافتہ ہیں۔

ترسیل یعنی ٹرانسمیشن

2021ء کی موسم گرما کیلئے بجلی کی طلب میں متوقع اضافے کی نظم کاری کرنے کی غرض سے، کے۔ الیکٹرک متعلقہ اسٹیک ہولڈرز کے ساتھ مسلسل رابطے میں ہے۔ کراچی کیلئے وفاقی حکومت کی جانب سے کیے گئے وعدے کے مطابق 1400MW کے حصے کے طور پر موجودہ انٹر کنیکشنز کے ذریعے اضافی 450MW کی آف-ٹیک کیلئے حکومت پاکستان اور NTDC سے اس سلسلے میں رابطے بھی انتظامات میں شامل ہیں۔ NTDC کی جانب سے شروع کیے گئے ”کراس ٹرپ“ اسکیم کی مطلوبہ بحالی اور نفاذ کے عمل کو تیز کرنے کیلئے تاکہ موجودہ انٹر کنیکشنز کے ذریعے 450MW کی اضافی سپلائی ممکن ہو، KE نے درکار ہارڈ ویئر حاصل کر لیا ہے اور اسے NTDC کے حوالے کر دیا ہے۔ توقع کی جاتی ہے کہ بحالی کے درکار امور جس میں ”کراس ٹرپ“ اسکیم کا نفاذ بھی شامل ہے مارچ 2021ء تک پایہ تکمیل تک پہنچ جائے گا، جس سے اپریل 2021ء سے آگے موجودہ انٹر کنیکشنز کے ذریعے اضافی 450MW کا منتقلی ممکن ہو جائے گی۔

مزید یہ کہ قومی گرڈ سے بقیہ آف-ٹیک کیلئے، کمپنی نے 220kV اور 500kV کی سطح پر انٹر کنیکشنز اور سٹریٹریکٹ کی تعمیر کیلئے عمل کا آغاز کر دیا ہے۔ اس سلسلے میں 220kV گرڈ اسٹیشن اور اس کے دہائیجی پرنسپل ٹرانسمیشن لائن پر تعمیراتی کام کا آغاز ہو چکا ہے اور مالی سال 2022ء کی تیسری سہ ماہی تک توانائی کی متوقع فراہمی کے ساتھ مکمل کر دیا جائے گا۔ جہاں تک 500kV KKI گرڈ اور انٹر کنیکشن کا تعلق ہے ٹینڈر دینے کے کام کا آغاز ہو چکا ہے۔ چونکہ کمپنی کا سٹ-پلس ٹیرف رجیم کے تحت کام کرتی ہے اس لیے کمپنی نیچر ا کے ساتھ مسلسل رابطے میں رہتی ہے تاکہ MYT میں درکار سرمایہ کاری کیلئے پروجیسٹس کی منظوری کو تیز کیا جائے۔

علاوہ ازیں، قومی گرڈ سے اضافی توانائی کے آف-ٹیک کیلئے معاہداتی طریقہ کار کو حتمی شکل دینے کیلئے، کے۔ الیکٹرک اور CPPA کے ساتھ تبادلہ خیال کر رہا ہے اور اب وہ کافی آگے کے مرحلے میں داخل ہو چکے ہیں۔

اس سلسلے میں، کمپنی بڑھتے ہوئے لوڈ پروفائل کو پورا کرنے کیلئے اپنے انفراسٹرکچر کو اپ گریڈ کر کے اپنے سروس ایریا کے دیہی طبقات میں نمایاں سرمایہ کاری کرنے کا بھی ارادہ رکھتی ہے جس سے ان علاقوں میں

کے۔ الیکٹرک لمیٹڈ

ڈائریکٹرز کی جانب سے جائزہ

ہم بورڈ آف ڈائریکٹرز کی جانب سے، کمپنی کے ششماہی رپورٹ کے ساتھ 31 دسمبر 2020ء کو ختم شدہ ششماہی عرصے کیلئے غیر آڈٹ شدہ مختصر عبوری مالی گوشوارے پیش کرنے پر خوشی محسوس کر رہے ہیں۔

کلیدی عملی اور مالی نتائج کا خلاصہ درج ذیل ہے:

جولائی-دسمبر 2019ء	جولائی-دسمبر 2020ء
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(GWh-UNITS)

عملی (آپریٹیشنل)

5,260	5,376	پیداواری یونٹس (ضمنی یونٹس کے علاوہ)
4,101	4,432	خریدے گئے یونٹس کی تعداد
9,361	9,808	تقسیم کیلئے دستیاب کل یونٹس (بھیجے گئے)
7,910	8,344	بل کردہ یونٹس
15.5%	14.9%	تقصانات ترسیل و تقسیم %

(ملین پاکستانی روپے)

مالی نتائج

158,388	153,358	آمدنی
24,229	29,855	مجموعی منافع
12,864	14,248	منافع قبل از مالی لاگت
4,817	8,668	منافع قبل از ٹیکس
(2,022)	(1,796)	ٹیکس-خالص
2,795	6,872	اس عرصے کیلئے خالص منافع

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

انٹرسٹ، ٹیکس، ڈیپری سی ایٹن اور امورٹائزیشن سے قبل آمدنی (EBITDA)

22,230

24,464

مالی جائزہ

زیر جائزہ عرصے کے دوران، کووڈ-19 لاک ڈاؤن ختم ہونے کے بعد بہتر میکر واکنٹا کم فضا کے ساتھ ساتھ پورے ویلیو چین میں 26,422 ملین روپے کی سرمایہ کاری کے پشت پر کمپنی نے مضبوط عملی کارکردگی دکھائی۔ اس کے نتیجے میں بھیجے گئے یونٹس میں 4.8% تک کا اضافہ ہوا اور ساتھ ہی بل کردہ یونٹس میں اضافہ بھی 5.5% ہو گیا اور T&D نقصانات میں 0.6% پوائنٹس کمی ہوئی۔ اس کی بڑی وجہ صنعتی شعبے میں اضافہ تھا جو کہ پچھلے سال کے اسی عرصے کے مقابلے میں 10% زیادہ تھا۔ ان عملی بہتری سے متحرک کمپنی کا مجموعی منافع پچھلے سال کے اسی عرصے کے مقابلے میں 23% زیادہ رہا۔

اس عرصے کیلئے ایک اور بڑی تبدیلی مالی لاگت میں جو کہ پچھلے سال کے مقابلے میں تقریباً 31% کم ہے کیونکہ کمپنی کیلئے اوسط قرضے کی لاگت میں 5% سے زیادہ کمی رہی، جس نے خالص منافع میں 2.5 ارب روپے کا حصہ ڈالا۔ اس کی سب سے بڑی وجہ KIBOR ریٹس میں کمی تھی۔

INDEPENDENT AUDITOR'S REVIEW REPORT

AS AT DECEMBER 31, 2020

To the members of K-Electric Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of K-Electric Limited [here-in-after referred to as the 'Company'] as at December 31, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended [here-in-after referred to as the 'condensed interim financial statements']. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income and notes thereto for the quarters ended December 31, 2020 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

Scope of Review

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

Conclusion

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

Emphasis of matter

Without qualifying our conclusion, we draw attention to:

- note 12.1.1 to the accompanying condensed interim financial statements, which describes that the mark-up / financial charges on outstanding liabilities due to government-controlled entities will be payable by the Company only when it will receive mark-up on outstanding tariff differential claims receivable from the Government of Pakistan and energy dues of the Company's public sector consumers.
- note 12.1.3 to the accompanying condensed interim financial statements, which states that the Supreme Court of Pakistan vide its decision dated August 13, 2020 has declared the Gas Infrastructure Development Cess (GIDC)

Act, 2015 to be valid. In this respect the Company's suit is pending before the High Court of Sindh on the grounds amongst others that the Company falls within the category of gas consumers who have not accrued the GIDC in their books and have neither recovered nor passed it on to their consumers.

Our conclusion is not modified in respect of these matters.

The engagement partner on the review resulting in this independent auditor's report is Waqas Aftab Sheikh.



Chartered Accountants

Karachi, February 28, 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

		[Un-Audited] December 31, 2020	[Audited] June 30, 2020
		---[Rupees in '000]---	
ASSETS	Note		
Non-current assets			
Property, plant and equipment	4	377,254,423	360,980,861
Intangible assets		218,864	312,822
Investment property		3,017,378	3,047,856
Long-term loans		15,422	16,529
Long-term deposits		11,944	11,258
		<u>380,518,031</u>	<u>364,369,326</u>
Current assets			
Stores, spares and loose tools		15,449,873	12,966,222
Trade debts	5	91,706,660	99,831,863
Loans and advances		1,919,584	1,806,416
Deposits and short-term prepayments		3,205,246	3,595,164
Other receivables	6	239,461,731	212,042,354
Taxation - net	7	-	1,080,823
Derivative financial assets		3,978,353	4,632,953
Cash and bank balances		1,210,635	3,088,813
		<u>356,932,082</u>	<u>339,044,608</u>
		<u>737,450,113</u>	<u>703,413,934</u>
TOTAL ASSETS			
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			
Share premium and other reserves		2,009,172	2,009,172
Surplus on revaluation of property, plant and equipment		56,706,421	59,232,336
		<u>58,715,593</u>	<u>61,241,508</u>
Revenue reserves			
General reserves		5,372,356	5,372,356
Unappropriated profit		57,180,551	47,782,956
		<u>62,552,907</u>	<u>53,155,312</u>
		<u>121,268,500</u>	<u>114,396,820</u>
		<u>217,530,051</u>	<u>210,658,371</u>
TOTAL EQUITY			
LIABILITIES			
Non-current liabilities			
Long-term diminishing musharaka	8	26,921,585	27,920,786
Long-term financing	9	42,776,598	43,476,225
Lease liabilities		95,597	97,226
Long-term deposits		12,143,186	11,718,860
Employee retirement benefits		4,840,454	5,262,039
Deferred revenue		25,848,009	24,814,138
		<u>112,625,429</u>	<u>113,289,274</u>
Current liabilities			
Current maturity of long-term diminishing musharaka	8	4,400,000	4,400,000
Current maturity of long-term financing	9	11,548,964	7,120,676
Current maturity of lease liabilities		26,594	23,474
Trade and other payables	10	285,454,673	267,630,980
Unclaimed dividend		645	645
Accrued mark-up		8,189,974	8,314,338
Taxation - net		573,544	-
Short-term borrowings	11	78,637,763	72,544,367
Short-term deposits		18,454,976	19,424,309
Provision		7,500	7,500
		<u>407,294,633</u>	<u>379,466,289</u>
		<u>519,920,062</u>	<u>492,755,563</u>
		<u>737,450,113</u>	<u>703,413,934</u>
TOTAL LIABILITIES			
TOTAL EQUITY AND LIABILITIES			
Contingencies and Commitments	12		

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Note	Half Year Ended		Quarter Ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		----[Rupees in '000]----		----[Rupees in '000]----	
REVENUE					
Sale of energy - net		118,362,525	105,692,090	49,961,326	43,070,465
Tariff adjustment	13	34,995,030	52,695,870	17,846,522	25,356,427
		<u>153,357,555</u>	<u>158,387,960</u>	<u>67,807,848</u>	<u>68,426,892</u>
COST OF SALES					
Purchase of electricity	14	(50,211,765)	(51,878,712)	(22,629,561)	(25,008,410)
Consumption of fuel and oil	15	(59,925,590)	(70,153,358)	(22,469,415)	(25,833,879)
Expenses incurred in generation, transmission and distribution		(13,365,070)	(12,127,064)	(6,721,879)	(6,269,886)
		<u>(123,502,425)</u>	<u>(134,159,134)</u>	<u>(51,820,855)</u>	<u>(57,112,175)</u>
GROSS PROFIT		<u>29,855,130</u>	<u>24,228,826</u>	<u>15,986,993</u>	<u>11,314,717</u>
Consumers services and administrative expenses		(12,121,776)	(10,148,361)	(6,190,557)	(4,616,408)
Impairment loss against trade debts		(6,630,261)	(6,547,859)	(2,708,168)	(3,931,199)
Other operating expenses		(711,125)	(288,520)	(372,691)	(145,587)
Other income		3,855,795	5,619,789	2,365,688	2,570,804
		<u>(15,607,367)</u>	<u>(11,364,951)</u>	<u>(6,905,728)</u>	<u>(6,122,390)</u>
PROFIT BEFORE FINANCE COST		<u>14,247,763</u>	<u>12,863,875</u>	<u>9,081,265</u>	<u>5,192,327</u>
Finance cost		(5,579,709)	(8,047,035)	(2,559,129)	(4,404,201)
PROFIT BEFORE TAXATION		<u>8,668,054</u>	<u>4,816,840</u>	<u>6,522,136</u>	<u>788,126</u>
Taxation					
- Current		(1,796,374)	(1,613,581)	(761,496)	(659,608)
- Deferred		-	(408,638)	-	-
		<u>(1,796,374)</u>	<u>(2,022,219)</u>	<u>(761,496)</u>	<u>(659,608)</u>
NET PROFIT FOR THE PERIOD		<u><u>6,871,680</u></u>	<u><u>2,794,621</u></u>	<u><u>5,760,640</u></u>	<u><u>128,518</u></u>
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)		<u><u>24,464,258</u></u>	<u><u>22,230,030</u></u>	<u><u>14,272,729</u></u>	<u><u>10,126,474</u></u>
		-----[Rupees]-----			
EARNINGS PER SHARE - BASIC AND DILUTED		<u><u>0.25</u></u>	<u><u>0.10</u></u>	<u><u>0.21</u></u>	<u><u>0.01</u></u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



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 HALF YEAR ENDED DECEMBER 31, 2020

	Half Year Ended		Quarter Ended	
	December 31, 2020 ----(Rupees in '000)----	December 31, 2019	December 31, 2020 ----(Rupees in '000)----	December 31, 2019
Net profit for the period	6,871,680	2,794,621	5,760,640	128,518
Other comprehensive income:				
Items that may be reclassified to profit or loss				
Changes in fair value of cash flow hedges	[186,195]	[909,463]	[294,794]	[244,491]
Adjustment for amounts transferred to profit or loss	186,195	909,463	294,794	244,491
	-	-	-	-
	-	-	-	-
Impairment recognised against revaluation surplus	-	[1,409,098]	-	-
Less: Taxation thereon	-	408,638	-	-
	-	[1,000,460]	-	-
	-	[1,000,460]	-	-
Total comprehensive income for the period	<u>6,871,680</u>	<u>1,794,161</u>	<u>5,760,640</u>	<u>128,518</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



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 HALF YEAR ENDED DECEMBER 31, 2020

	Issued, subscribed and paid-up capital			Reserves						Total	
	Ordinary shares	Transaction costs	Total Share Capital	Capital			Revenue				
				Share premium	Others	Surplus on revaluation of Property, plant and equipment	Total	General reserves	Un-appropriated profit		Total
	(Rupees in '000)										
Balance as at July 1, 2019	96,653,179	(391,628)	96,261,551	1,500,000	509,172	65,880,437	67,889,609	5,372,356	44,965,946	50,338,302	214,489,462
Total comprehensive income for the half year ended December 31, 2019											
Profit for the period	-	-	-	-	-	-	-	-	2,794,621	2,794,621	2,794,621
Other comprehensive income	-	-	-	-	-	(1,000,460)	(1,000,460)	-	-	-	(1,000,460)
	-	-	-	-	-	(1,000,460)	(1,000,460)	-	2,794,621	2,794,621	1,794,161
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	(2,691,847)	(2,691,847)	-	2,691,847	2,691,847	-
Balance as at December 31, 2019 (Unaudited)	<u>96,653,179</u>	<u>(391,628)</u>	<u>96,261,551</u>	<u>1,500,000</u>	<u>509,172</u>	<u>62,188,130</u>	<u>64,197,302</u>	<u>5,372,356</u>	<u>50,452,414</u>	<u>55,824,770</u>	<u>216,283,623</u>
Balance as at July 1, 2020	96,653,179	(391,628)	96,261,551	1,500,000	509,172	59,232,336	61,241,508	5,372,356	47,782,956	53,155,312	210,658,371
Total comprehensive income for the half year ended December 31, 2020											
Profit for the period	-	-	-	-	-	-	-	-	6,871,680	6,871,680	6,871,680
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	6,871,680	6,871,680	6,871,680
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	(2,525,915)	(2,525,915)	-	2,525,915	2,525,915	-
Balance as at December 31, 2020 (Unaudited)	<u>96,653,179</u>	<u>(391,628)</u>	<u>96,261,551</u>	<u>1,500,000</u>	<u>509,172</u>	<u>56,706,421</u>	<u>58,715,593</u>	<u>5,372,356</u>	<u>57,180,551</u>	<u>62,552,907</u>	<u>217,530,051</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Note	Half Year Ended	
		December 31, 2020	December 31, 2019
Cash Flows From Operating Activities		----(Rupees in '000)----	
Profit before taxation		8,668,054	4,816,840
Adjustments for non-cash charges and other items:			
Depreciation and amortisation		10,216,495	9,366,155
Provision for employee retirement benefits		499,376	557,966
Provision for slow moving and obsolete stores, spare parts and loose tools, net		103,510	103,344
Provision for debts considered doubtful		7,384,294	6,722,532
Gain on sale of property, plant and equipment		(248,171)	(1,615)
Loss on derivative financial assets		186,195	909,463
Finance cost		5,579,709	8,047,035
Amortisation of deferred revenue		(1,064,915)	(979,231)
Return on bank deposits		(95,055)	(206,450)
Operating cash flow before working capital changes		31,229,492	29,336,039
Working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(2,587,161)	(3,174,053)
Trade debts		740,909	(4,263,208)
Loans and advances		(113,168)	(467,504)
Trade deposits and short term prepayments		389,918	1,742,520
Other receivables		(27,419,377)	(53,972,544)
		(28,988,879)	(60,134,789)
Increase / (decrease) in current liabilities			
Trade and other payables		17,823,693	30,233,685
Short-term deposits		(969,333)	1,909,589
		16,854,360	32,143,274
Cash generated from operations		19,094,973	1,344,524
Employee retirement benefits paid		(920,961)	(312,365)
Income tax paid		(142,007)	(1,554,245)
Receipts against deferred revenue		2,098,786	1,525,998
Finance cost paid		(5,695,832)	(7,284,428)
Interest received on bank deposits		95,055	206,450
Payment of fatal accident cases		-	(6,700)
Long-term loans		1,107	1,490
Long-term deposits		(686)	1
		(4,564,538)	(7,423,799)
Net cash generated from / (utilised in) operating activities		14,530,435	(6,079,275)
Cash flows from investing activities			
Capital expenditure incurred		(26,421,721)	(32,989,558)
Proceeds from disposal of property, plant and equipment		314,099	57,832
Net cash utilised in investing activities		(26,107,622)	(32,931,726)
Cash flows from financing activities			
Long-term diminishing musharka		(999,201)	18,225,381
Long-term financing - net		4,197,065	5,227,497
Lease liabilities - net		(16,578)	(13,723)
Short-term borrowings - net		3,699,476	4,835,749
Security deposits received from consumers - net		424,327	532,912
Net cash generated from financing activities		7,305,089	28,807,816
Net decrease in cash and cash equivalents		(4,272,098)	(10,203,185)
Cash and cash equivalents at beginning of the period		(25,835,525)	(25,487,006)
Cash and cash equivalents at end of the period		(30,107,623)	(35,690,191)

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The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

1. THE COMPANY AND ITS OPERATIONS

- 1.1 K-Electric Limited "the Company" was incorporated as a limited liability company on September 13, 1913 under the repealed Indian Companies Act, 1882 (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at KE House, 39-B, Sunset Boulevard, Phase II, DHA, Karachi.
- 1.2 The Company is principally engaged in the generation, transmission and distribution of electric energy to industrial and other consumers under the Electricity Act, 1910 and the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (Act 1997) to its licensed areas. KES Power Limited (the Holding Company) incorporated in Cayman Island, holds 66.40 percent (June 30, 2020: 66.40 percent) shares in the Company.
- 1.3 As notified on the Pakistan Stock Exchange on October 28, 2016, Shanghai Electric Power Company Limited (SEP) has entered into a Sale and Purchase Agreement (SPA) with KES Power Limited (the Holding Company) to acquire up to 66.40 percent of the shares in 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 the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017, SEP notified fresh PAIs on June 29, 2017, March 29, 2018, December 25, 2018, September 30, 2019 and June 29, 2020 incorporating amended / additional requirements pursuant to the Securities Act, 2015 and the aforementioned regulations. On the request of SEP, the Securities and Exchange Commission of Pakistan (SECP) has granted further extension of ninety days from December 29, 2020 to make public announcement of offer by SEP which may be made by March 27, 2021.

- 1.4 The Company, being a regulated entity, is governed through Multi Year Tariff (MYT) regime. Accordingly, National Electric Power Regulatory Authority (NEPRA) determines tariff for the Company for the tariff control period from time to time. The MYT which was determined in 2009 was for a seven-year period expired on June 30, 2016. On March 31, 2016, the Company filed a tariff petition with NEPRA for continuation of the MYT for a further 10 year period starting from July 1, 2016 along with certain modifications in the tariff. NEPRA vide its determination dated March 20, 2017, determined the MYT for the period commencing from July 1, 2016 till June 30, 2023 (MYT 2017-23). Considering that some of the assumptions in the MYT 2017-23 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.

NEPRA issued its decision 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 Act 1997 to consider afresh its earlier determination to ensure that consumer interest in terms of continuous and efficient service delivery is maintained. NEPRA, vide its decision dated July 5, 2018 (MYT decision) in the matter of 'Reconsideration request' filed by the GoP, determined the revised MYT. The Company after considering that the MYT decision does not consider actual equity invested into the Company, applies notional capital structure based on the assumption of 70:30 debt to equity ratio and is a drastic departure from the previous structure without providing the Company an appropriate transition period, approached the Appellate Tribunal for the relief under Section 12G of the Act 1997. The formation of Appellate Tribunal has been notified by the Government of Pakistan (GoP) and in this regard the Honourable Supreme Court in HRC No. 20883/2018 vide order dated October 13, 2020 has directed the Federation of Pakistan to notify the

Chairman and members of the Appellate Tribunal within two (02) weeks and submit a report. However, the same is yet to be made functional by the GoP. The Company also approached the High Court of Sindh (HCS) against the aforementioned MYT decision and filed a suit in which a stay order was granted on July 26, 2018. The Company, on April 3, 2019, withdrew the suit filed with HCS against MYT decision, as the Company decided to pursue its legitimate concerns / issues with Appellate Tribunal, however, reserves its right to again approach the HCS if required. The Ministry of Energy (Power Division) has notified the MYT decision through SRO 576 (I) /2019 dated May 22, 2019.

The Company's revenue for the half year ended December 31, 2020 has been based on the aforementioned MYT decision.

- 1.5 The Company filed Mid Term Review petition with NEPRA on March 11, 2020, as per the mechanism included in the MYT decision dated July 5, 2018, for reassessment of impact of USD indexation on allowed Return on Equity due to variation in actual exchange rates against the projected exchange rates assumed in tariff, impact of changes in the investment plan and working capital requirements of the Company along-with adjustment on account of variation in KIBOR and LIBOR assumed in tariff projections as compared to actual rates and variation in sent-out growth assumed within tariff projections versus actual growth. Accordingly, through the petition, the Company had requested for increase in the base tariff of Rs. 1.64/kWh effective July 1, 2016. During the period, NEPRA held a public hearing on this matter on September 16 & 17, 2020. Further, considering the significant changes to macro-economic factors due to COVID-19, revision in investment plan and other changes in underlying factors, the Company has updated its earlier request through its letter dated October 1, 2020 and has requested for an increase of Rs. 1.21/kWh in the base tariff effective July 1, 2016. As the increase in tariff is currently subject to determination by NEPRA, therefore, based on prudence, the related financial impacts have not been accounted for in these condensed interim financial statements.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for international financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

- 2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2020. These condensed interim financial statements are unaudited, however, have been subject to limited scope review by the auditors of the Company and are being submitted to the shareholders as required by the listing regulations of the Pakistan Stock Exchange and Section 237 of the Act.
- 2.3 In order to comply with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of annual financial statements of the immediately preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cashflows have been compared with the balances of comparable period of the immediately preceding financial year.

2.4 The figures included in the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 and the notes forming part thereof have not been reviewed by the auditors, as they are only required to review the cumulative figures for the half year ended December 31, 2020.

2.5 These condensed interim financial statements are presented in Pakistan Rupee which is also the Company's functional currency.

2.6 **New standard, amendments to accounting and reporting standards and new interpretations**

a) Amendments to published accounting and reporting standards which became effective during the period

There were certain amendments to accounting and reporting standards which became effective for the Company during the period. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

b) New standard and amendments to published accounting and reporting standards that are not yet effective

The following standard and amendments with respect to the accounting and reporting standards will be effective from the dates mentioned below against the respective standard and amendment:

Standard or amendment	Effective date (annual periods beginning on or after)
Amendments to: - IFRS 7 - Financial instruments, - IFRS 4 - Insurance contracts; and - IFRS 16 - Leases (interest rate benchmark reform).	January 1, 2021
Amendments to IAS 1, Presentation of financial statements on classification of liabilities	January 1, 2022
Amendments to: - IFRS 3 - Business combinations, - IAS 16 - Property, plant and equipment, - IFRS 1 - First time adoption of International Financial Reporting Standards, - IFRS 9 - Financial instruments, - IAS 41 - Agriculture; and - IFRS 16 - Leases.	January 1, 2022
IFRS 17, Insurance Contracts	January 1, 2023

The above standard and amendments are not expected to have any material impact on the Company's financial statements.

2.7 **Accounting estimates, judgement and financial risk management**

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

During the preparation of these condensed interim financial statements, there have been no changes in the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty from those which were applied to the annual audited financial statements of the Company for the year ended June 30, 2020.

The Company's financial risk management objectives and policies and the methods to determine the fair values are consistent with those disclosed in the annual financial statements for the year ended June 30, 2020.

3. ACCOUNTING POLICIES

- 3.1 The accounting policies and method of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the Company's annual audited financial statements for the year ended June 30, 2020.
- 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 these condensed interim financial statements.
- 3.3 Taxes on income, in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

	Note	(Un-Audited)	(Audited)
		December 31, 2020	June 30, 2020
		---[Rupees in '000]---	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	280,173,244	285,014,103
Capital work-in-progress	4.2	96,968,192	75,849,191
Right of use assets		112,987	117,567
		<u>377,254,423</u>	<u>360,980,861</u>

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

	(Un-Audited) Additions (at cost)		(Un-Audited) Disposals (Note 4.1.1) (at net book value)	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
-----[Rupees in '000]-----				
Leasehold land	-	6,219	-	-
Plant and machinery	788,232	957,831	6,682	-
Transmission and distribution network	4,512,054	5,200,365	57,936	53,846
Others	2,434	762,359	1,310	2,371
	<u>5,302,720</u>	<u>6,926,774</u>	<u>65,928</u>	<u>56,217</u>

- 4.1.1 The above disposals represent assets costing Rs. 289.985 million (December 31, 2019: Rs. 299.851 million) which were disposed-off for Rs. 314.099 million (December 31, 2019: Rs. 57.832 million).

4.2 Capital work-in-progress

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

	Plant and machinery	Transmission grid equipments / lines	Distribution network / renewals of mains and services	Others	December 31, 2020	December 31, 2019
	[Rupees in '000]					
Opening balance	21,781,521	25,749,857	23,054,371	5,263,442	75,849,191	62,224,406
Additions / inter-class transfers during the period	14,369,108	3,273,897	8,840,869	(62,153)	26,421,721	32,989,558
	<u>36,150,629</u>	<u>29,023,754</u>	<u>31,895,240</u>	<u>5,201,289</u>	<u>102,270,912</u>	<u>95,213,964</u>
Transfers from CWIP	(788,232)	(2,061,786)	(2,450,268)	(2,434)	(5,302,720)	(7,084,336)
Balance as at period end	<u>35,362,397</u>	<u>26,961,968</u>	<u>29,444,972</u>	<u>5,198,855</u>	<u>96,968,192</u>	<u>88,129,628</u>
					(Un-Audited)	(Audited)
					December 31, 2020	June 30, 2020
					---[Rupees in '000]---	

5. TRADE DEBTS

Considered good

Secured – against deposits from consumers
Unsecured

	4,650,803	5,616,216
	87,055,857	94,215,647
5.1	<u>91,706,660</u>	<u>99,831,863</u>

Considered doubtful

Provision for impairment against debts considered doubtful

	102,819,895	101,500,529
	194,526,555	201,332,392
5.2	<u>(102,819,895)</u>	<u>(101,500,529)</u>
	<u>91,706,660</u>	<u>99,831,863</u>

- 5.1 These balances do not include any Late Payment Surcharge [LPS] on receivables from public sector consumers as fully explained in note 12.1.1, 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 public sector liabilities.

As at December 31, 2020, receivable from government and autonomous bodies amounting to Rs. 52,625 million [June 2020: Rs. 49,177 million] includes unrecognised LPS of Rs. 8,774 million [June 2020: Rs. 8,202 million]; which includes receivable from Karachi Water and Sewerage Board [KW&SB] amounting to Rs. 33,041 million including LPS of Rs. 4,469 million [June 2020: Rs. 32,537 million including LPS of Rs. 4,200 million] and receivable from City District Government Karachi [CDGK] amounting to Rs. 12,224 million including LPS of Rs. 1,786 million [June 2020: Rs. 10,748 million including LPS of Rs. 1,696 million].

Upto December 31, 2020, adjustment orders aggregating to Rs. 12,434 million [June 30, 2020: Rs. 12,434 million] have been received from the Government of Sindh [GoS] whereby the Company's liability amounting to Rs. 12,434 [June 30, 2020: Rs. 12,434 million] on account of electricity duty has been adjusted against the KW&SB dues.

		(Un-Audited)	(Audited)
		December 31, 2020	June 30, 2020
	Note	---[Rupees in '000]---	
5.2 Provision for impairment			
Opening balance		101,500,529	96,978,188
Provision recognised during the period / year		7,384,294	13,964,046
		<u>108,884,823</u>	<u>110,942,234</u>
Write-off against provision during the period / year	5.3	<u>[6,064,928]</u>	<u>[9,441,705]</u>
		<u>102,819,895</u>	<u>101,500,529</u>

5.3 This includes write-off of Rs. 4,632 million (June 30, 2020: Rs. 7,492 million) to be claimed as tariff adjustment in accordance with the criteria prescribed by NEPRA as explained in note 13.2.

		(Un-Audited)	(Audited)
		December 31, 2020	June 30, 2020
		---[Rupees in '000]---	
6. OTHER RECEIVABLES			
Considered good			
Sales tax - net		6,803,753	9,272,130
Due from the Government of Pakistan (GoP) and Government of Balochistan (GoB) - net			
- Tariff adjustment		232,367,736	202,455,318
- Interest receivable from GoP on demand finance liabilities		237,173	237,173
		<u>232,604,909</u>	<u>202,692,491</u>
Others		53,069	77,733
		<u>239,461,731</u>	<u>212,042,354</u>

6.1 There is no update on the matters stated in notes 14.1 to 14.3 to the annual audited financial statements of the Company for the year ended June 30, 2020.

7. TAXATION - NET

There is no significant change in the status of the tax related contingencies as disclosed in notes 42.1 and 42.2 of the annual financial statements of Company for the year ended June 30, 2020.

		(Un-Audited)	(Audited)
		December 31, 2020	June 30, 2020
	Note	---[Rupees in '000]---	
8. LONG-TERM DIMINISHING MUSHARAKA			
KE Sukuk of Rs. 22,000 million		6,567,778	8,745,935
KE Sukuk of up to Rs. 25,000 million	8.1	24,753,807	23,574,851
		<u>31,321,585</u>	<u>32,320,786</u>
Less:			
Current maturity shown under current liabilities		<u>[4,400,000]</u>	<u>[4,400,000]</u>
		<u>26,921,585</u>	<u>27,920,786</u>

- 8.1 During the period, the Company received the remaining cash inflows of the Sukuk issue amounting to Rs. 1,292 million from IPO investors whereas the pre-IPO portion amounting to Rs. 23,708 million was received during the year ended June 30, 2020. The above transactions were recorded net off transaction costs. All the proceeds from the issue of Sukuk have been utilised to fund routine operational and capital expenditure requirements of the Company and to settle bridge term finance facility amounting to Rs. 20,000 million availed from Habib Bank Limited. The Sukuk carries profit at the rate of 3 months KIBOR + 1.7% with tenor of seven years from the issue date. The Company, in this respect, entered into a diminishing musharaka agreement with the investment agent, Pak Brunei Investment Company Limited (trustee on behalf of the Sukuk holders) as a co-owner of the musharaka assets. Under this arrangement the Company sold the beneficial ownership of the musharaka assets i.e. fixed assets located at certain Grid Stations (excluding any immovable properties) to the investment agent (for the benefit of Sukuk holders), although legal title remains with the Company. The overall arrangement has been accounted for in these financial statements on the basis of substance of the transaction.

		(Un-Audited)	(Audited)
		December 31, 2020	June 30, 2020
	Note	---(Rupees in '000)---	
9. LONG-TERM FINANCING			
From banking companies and financial institutions - secured			
Hermes financing facility		7,001,156	6,344,837
Sinosure financing facility	9.1	15,239,138	11,825,003
Syndicate Term Finance facility		22,233,623	23,391,284
GuarantCo. financing facility		7,825,035	8,009,167
Salary refinance scheme	9.2	2,000,000	1,000,000
		54,298,952	50,570,291
Current maturity shown under current liabilities		(11,522,354)	(7,094,066)
		42,776,598	43,476,225
Others - Secured			
Due to oil and gas companies		610	610
Current maturity shown under current liabilities		(610)	(610)
		-	-
Unsecured			
GoP loan for the electrification of Hub area		26,000	26,000
Current maturity shown under current liabilities		(26,000)	(26,000)
		-	-
		42,776,598	43,476,225

- 9.1 This represents amount outstanding under Sinosure supported facility agreement entered into on December 22, 2015 amounting to USD 91.5 million, with a syndicate of foreign commercial lenders. The loan is being utilised to fund the Transmission Project (TP 1000-03). The loan carries mark-up at 3 month USD LIBOR + 3.5% per annum. The loan is to be settled in 28 quarterly instalments which commenced from March 16, 2019 with final repayment due on December 16, 2025. During the period, through amendment to the facility agreement, amount under the facility has been enhanced to USD 157.1 million. The Company has executed cross currency swaps with commercial banks to hedge the Company's foreign currency principal payment obligations under the facility.
- 9.2 This includes further drawdowns amounting to Rs. 1 billion against a facility obtained from Bank Alfalah under the State Bank of Pakistan (SBP) Salary refinance scheme. The loan has been utilised during the period to finance employee payroll for the months of July, August and September 2020. The loan carries a subsidised mark-up of 0.45% per annum payable in arrears on quarterly basis and the principal amount will be settled in eight equal quarterly instalments with first instalment due on January 1, 2021 and ending on October 1, 2022. The facility is secured against joint pari passu hypothecation charge over current assets of the Company.

	(Un-Audited)	(Audited)
	December 31, 2020	June 30, 2020
	---(Rupees in '000)---	
10. TRADE AND OTHER PAYABLES		
Trade Creditors		
Power purchases	192,520,992	166,541,185
Fuel and gas	17,374,678	23,125,229
Others	<u>22,253,659</u>	<u>27,958,146</u>
	232,149,329	217,624,560
Accrued expenses	4,734,100	3,929,817
Advances / Credit balances of consumers	6,343,218	6,120,531
Other liabilities including claw-back	<u>42,228,026</u>	<u>39,956,072</u>
	<u>285,454,673</u>	<u>267,630,980</u>
	(Un-Audited)	(Audited)
	December 31, 2020	June 30, 2020
	---(Rupees in '000)---	
11. SHORT-TERM BORROWINGS		
From banking companies		
Bills payable	11,153,718	23,113,810
Short term running finances	31,318,258	28,924,338
Bridge term finance facility - 2	-	3,400,000
Bridge term finance facilities - 900MW	<u>17,052,231</u>	<u>-</u>
	59,524,207	55,438,148
From others		
KES Power Limited - Holding Company - unsecured	23	17,598
Islamic Commercial Papers	<u>19,113,533</u>	<u>17,088,621</u>
	<u>78,637,763</u>	<u>72,544,367</u>

Note

11.1 These represent drawdown under bridge term finance facilities of Rs. 20 billion and Rs. 8.3 billion entered into on July 29, 2020 and September 28, 2020 respectively with syndicate of local commercial banks for partially funding BQPS-III combined cycle power plant and associated transmission projects of the Company. The facilities carry mark-up at 3-month KIBOR + 2% per annum, payable in quarterly instalments with repayment by June 30, 2021. The settlement of these facilities is planned through the proceeds of long-term financing. The facilities are secured by way of first pari-passu hypothecation charge over specific fixed assets, specific collections and lien over certain accounts.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 Mark-up on overdue balances with National Transmission and Dispatch Company (NTDC) / Central Power Purchasing Agency (Guarantee) limited (CPPA), major government owned power supplier, has not been accrued in there condensed interim financial statements. With effect from June 2015, the CPPA has assumed the central power purchase division of NTDC along with the related assets, rights and liabilities of NTDC, including alleged receivables from the Company. The Company is of the view that in accordance with the mechanism defined in the Power Purchase Agreement (PPA) dated January 26, 2010 with NTDC, NTDC's dues are to be settled by the Ministry of Finance (MOF) through payment of the Company's tariff differential claims directly to NTDC. Up to December 31, 2020 the MOF has released the Company's tariff differential claims aggregating to Rs. 392,942 million directly to NTDC / CPPA. Additionally, the Company has directly paid Rs. 43,475 million up to December 31, 2020 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.

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 mark-up claim upto December 31, 2020 amounts to Rs. 66,603 million which 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 December 31, 2020 aggregates to Rs. 101,103 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 against the Company 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. The cases were fixed on October 7, 2019 and adjourned to date in office. The earlier stay granted to SSGC against the Company is vacated on October 7, 2019, against which SSGC has filed an appeal in the High Court of Sindh.

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

The Company's management believes that overdue amounts have only arisen due to circular debt situation caused by delayed settlement of tariff differential claims by the MoF as well as delayed settlement of the Company's energy dues by certain public sector consumers (e.g. KW&SB), the dues of which have been guaranteed by the GoP under the Implementation Agreement dated November 14, 2005 and amended through the Amended Agreement dated April 13, 2009 ["IA"]; and Government Of Sindh (GoS) departments and entities (GoS Entities). Given that NTDC / CPPA 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 IA) are 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 receive mark-up on outstanding tariff differential claims receivable from GOP 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, 2019: Rs. 5,269 million) is being maintained by the Company in these condensed interim financial statements on account of mark-up on delayed payment.

12.1.2 There has been no significant change in the status of contingencies as disclosed in notes 32.1.2 to 32.1.7 to the annual audited financial statements of the Company for the year ended June 30, 2020 except for the matter stated in the note 12.1.3.

12.1.3 Further to the matter stated in note 32.1.5 to the annual audited financial statements of the Company for the year ended June 30, 2020, during the period, the Supreme Court of Pakistan [the SCP] vide its decision dated August 13, 2020, has dismissed all the petitions and related appeals in the matter of Gas Infrastructure Development Cess [GIDC] and declared GIDC Act 2015 to be valid, being within the legislative competence of the Parliament of Pakistan. Further, under the aforementioned decision, the companies responsible under the GIDC Act 2015, to collect the GIDC were directed to recover all arrears of GIDC due but not recovered upto July 31, 2020, in 24 equal monthly instalments starting from August 1, 2020, without the component of late payment surcharge.

The Company filed a review petition against the aforementioned decision of SCP. However, the SCP vide its order dated November 2, 2020 dismissed all the review petitions filed against its decision of August 13, 2020.

In respect of this matter, the Company also filed a suit before the High Court of Sindh [HCS] and obtained a stay order dated October 6, 2020 whereby, the HCS has restrained Sui Southern Gas Company Limited [SSGC] and the GOP from taking any coercive action for non-payment of instalments of GIDC arrears, on the grounds amongst others that the Company falls within the category of gas consumers who have not accrued the GIDC in their books and have neither recovered nor passed it on to their consumers through addition in the cost / tariff of electricity. The stay granted by the HCS is still valid and operational.

The Company, based on the views of its legal counsel, is of the opinion that the Company in its suit before the HCS has raised substantive grounds for review by the HCS and that the suit has fairly reasonable prospects of success. Accordingly, no liability and the related receivable in respect of GIDC has been recognised in these condensed interim financial statements. However, if the eventual outcome of this suit filed before the HCS results in any amount payable by the Company on account of GIDC, it will be ultimately recovered through the MYT as a pass-through item.

12.2 Claims not acknowledged as debts

12.2.1 Claims not acknowledged as debts as disclosed in notes 32.2 to the annual financial statements of the Company for the year ended June 30, 2020 remain substantially unchanged except for the following claims:

	(Un-Audited)	(Audited)
	December 31, 2020	June 30, 2020
	---[Rupees in '000]---	
Outstanding dues of property tax, water charges, custom duty, ground rent and occupancy value	9,320,434	9,652,190
12.3 Commitments		
12.3.1 Guarantees from banks	6,043,645	6,023,583
12.3.2 Transmission projects	8,984,963	1,504,765
12.3.3 Transmission Project [TP-1000]	3,502,997	6,458,225
12.3.4 BQPS III 900 MW combined cycle power plant & associated transmission project	32,295,464	53,967,541
12.3.5 Outstanding letters of credit	12,580,073	4,346,271
12.3.6 Dividend on preference shares	1,119,453	1,119,453

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

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

	(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	---(Rupees in '000)---	
- not later than one year	312,160	279,477
- later than one year and not later than five years	524,557	445,748

	(Un-Audited) Additions (at cost)		(Un-Audited) Disposals [Note 4.1.1] (at net book value)	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Note	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
13. TARIFF ADJUSTMENT	<u>34,995,030</u>	<u>52,695,870</u>	<u>17,846,522</u>	<u>25,356,427</u>

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

13.2 This amount includes Rs 4,632 million comprising dues of 18,475 customers [December 31, 2019: Rs 1,588 million comprising dues of 12,400 customers] recognized during the half year ended December 31, 2020 against actual write-off of bad debts, as allowed by NEPRA under the MYT decision dated July 5, 2018 for the period from July 1, 2016 to June 30, 2023. Further, NEPRA vide its decision dated December 31, 2019 stated that in connection with the claims submitted by the Company on account of trade debts write-offs for the years ended June 30, 2017 and June 30, 2018 aggregating to Rs. 9,566 million, it requires further deliberation.

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

- The defaulter connections against which the bad debts have been written off were disconnected prior to December 31, 2020 in the system, both in the case of active and inactive customers. Further, in the case of inactive customers, the customers were marked as "inactive" in the Company's system [i.e. SAP] prior to December 31, 2020.
- The aforementioned amount of write-off of bad debts has been approved by the Company's Board of Directors certifying that the Company has made all best possible efforts to recover the amount being written-off in accordance with the "Policy and Procedures for Write-off of Bad Debts".
- The actual write-off of bad debts has been determined in accordance with the terms of write-off detailed in the "Policy and Procedures for Write-off of Bad Debts", as approved by the Board of Directors of the Company.

There are number of locations / premises which were removed as a result of anti-encroachment drives by the government authorities, whereas, in a number of other cases the premises to which electricity was supplied is no more traceable due to change in either the mapping of the area [including unleased area], demolition of the original premises, structural changes [including division of single premises into many] to the original premises and discontinuation / demolition of single bulk PMT connection. In all of these cases due to the specific situation the connection and / or premises are no more traceable. In addition, there are certain defaulter customers; who were not able to pay off their outstanding dues, in various forms including outstanding amounts on hook connection at the time of transfer of defaulter customers to metered connections and other settlements. Accordingly, the same has been claimed as part of write-off for the three months period ended September 30, 2020 and the corresponding amount has been claimed in the tariff adjustment after verifying underlying facts.

Further, the statutory auditors of the Company as part of their limited scope review of these condensed interim financial statements have performed review procedures to assess that the write-off of bad debts amount is not recoverable notwithstanding the efforts of the Company.

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

In respect of all the defaulter connections, against which the aforementioned write-off amount has been claimed by the Company as tariff adjustment for the half year ended December 31, 2020, the Company in addition to the defaulter customer identification and traceability procedures mentioned in the "Policy and Procedures for Write-off of Bad Debts" has carried out physical surveys for establishing the fact that either the defaulter connection is physically disconnected or the defaulter customer who utilised the electricity is untraceable and recovery in the present circumstances is not possible.

There are number of locations / premises which were removed as a result of anti-encroachment drives by the government authorities, whereas, in a number of other cases the premises to which electricity was supplied is no more traceable due to change in either the mapping of the area (including unleased area), demolition of the original premises, structural changes (including division of single premises into many) to the original premises and discontinuation / demolition of single bulk PMT connection. In all of these cases due to the specific situation the connection and / or premises are no more traceable. In addition, there are certain defaulter customers; who were not able to pay off their outstanding dues, in various forms including outstanding amounts on hook connection at the time of transfer of defaulter customers to metered connections and other settlements. Accordingly, the same has been claimed as part of write-off for the half year ended December 31, 2020 and the corresponding amount has been claimed in the tariff adjustment after verifying underlying facts.

	(Un-Audited) Additions (at cost)		(Un-Audited) Disposals (Note 4.1.1) (at net book value)	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	-----[Rupees in '000]-----		-----[Rupees in '000]-----	
14. PURCHASE OF ELECTRICITY				
CPPA / NTDC	29,328,381	29,779,422	13,242,765	15,892,960
Independent Power Producers (IPPs)	19,226,453	21,452,177	8,530,199	8,640,478
Karachi Nuclear Power Plant (KANUPP)	1,656,931	647,113	856,597	474,972
	<u>50,211,765</u>	<u>51,878,712</u>	<u>22,629,561</u>	<u>25,008,410</u>
15. CONSUMPTION OF FUEL AND OIL				
Natural gas	35,583,313	37,078,388	15,067,202	16,987,240
Furnace and other fuel / oil	24,342,277	33,074,970	7,402,213	8,846,639
	<u>59,925,590</u>	<u>70,153,358</u>	<u>22,469,415</u>	<u>25,833,879</u>
16. CASH AND CASH EQUIVALENTS			(Un-Audited)	(Un-Audited)
			December 31, 2020	December 31, 2019
			---[Rupees in '000]---	
Cash and bank balances			1,210,635	596,663
Short-term running finances			(31,318,258)	(36,286,854)
			<u>(30,107,623)</u>	<u>(35,690,191)</u>

17. **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 significant transactions with related parties other than those disclosed elsewhere in these condensed interim financial statements are as follows:

	Related party	Nature of transactions	[Un-Audited]	[Audited]
			December 31, 2020	December 31, 2019
			---(Rupees in '000)---	
17.1	CPPA / NTDC	Power purchases	29,328,381	29,779,422
17.2	Pakistan State Oil Company Limited [PSO]	Purchase of furnace oil & other lubricants	25,482,579	31,234,863
17.3	SSGC	Purchase of gas	35,583,313	37,078,388
17.4	BYCO Petroleum Pakistan Limited	Purchase of furnace oil & other lubricants	209,754	1,141,969
17.5	Provident fund	Contribution to provident fund	546,890	480,460
17.6	Key management personnel	Managerial remuneration	223,829	225,667
		Other allowances and benefits	61,915	116,386
		Retirement benefits	-	44,050
		Leave encashment	-	2,020

These condensed interim financial statements were authorised for issue on February 25, 2021 by the Board of Directors of the Company.

19. **GENERAL**

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



Syed Moonis Abdullah Alvi
Chief Executive Officer



Khalid Rafi
Director



Muhammad Aamir Ghaziani
Chief Financial Officer



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