

FOR ALL CONCERNED

**PLACEMENT OF DRAFT PROSPECTUS OF “SUKUK CERTIFICATES OF K-ELECTRIC LIMITED” ON PSX
WEBSITE FOR SEEKING PUBLIC COMMENTS**

Pakistan Stock Exchange Limited [“PSX”] is pleased to inform all concerned that **K-Electric Limited** [“the Company”], a listed company on the Exchange, has applied for listing of its rated, unsecured, short-term Sukuk Certificates on the Exchange.

The total issue size of the PKR 3,000 million out of which PKR 1,000 million have been issued to the Pre-IPO investors and PKR 2,000 million are being issued to the General Public (inclusive of Green-Shoe option of PKR 1,000 million) by way of Public Offer through this draft prospectus.

Pursuant to Circular No. 16 of 2023 dated November 08, 2023 notified by the Securities & Exchange Commission of Pakistan (SECP), the Draft Prospectus of the Sukuk Certificates of the Company is hereby placed on the PSX Website under the caption of “**Public Comments on Draft Prospectus of Sukuk Certificates of K-Electric**”. Details about the Issue can be reviewed through the attached Draft Prospectus of the Company.

All concerned are requested to provide their written comments on the Draft Prospectus, if any, to PSX by emailing at comments.draftprospectus@psx.com.pk latest by **COB Tuesday, June 24, 2025**.



Syed Ahmad Abbas
Chief Listing Officer

Copy to:

1. The Additional Director / HOD, PMADD (SMD), SECP
2. The Chief Executive Officer, PSX
3. K-Electric Limited
4. Habib Bank Limited (Consultant to the Issue)
5. PSX Website & Notice Board

ADVICE FOR INVESTORS

INVESTORS ARE STRONGLY ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THIS PROSPECTUS ESPECIALLY THE RISK FACTORS AT PART 6 OF THIS PROSPECTUS BEFORE MAKING ANY INVESTMENT DECISION

SUBMISSION OF FALSE AND FICTITIOUS APPLICATIONS IS PROHIBITED AND SUCH APPLICANT'S MONEY MAY BE FOREFEITED UNDER SECTION 87(8) OF THE SECURITIES ACT, 2015

DISCLAIMER

THE COMPANY EARNED SUBSTANTIAL PROFITS IN THE FINANCIAL YEARS 2021 AND 2022. HOWEVER, IN FINANCIAL YEAR 2023, IT INCURRED A LOSS DUE TO SOCIO-POLITICAL AND MACROECONOMIC FACTORS. THE RISKS ASSOCIATED WITH COMPANIES WHO HAVE INCURRED A RECENT LOSS ARE COMPARATIVELY MUCH HIGHER THAN PROFITABLE COMPANIES. THE PROSPECTIVE INVESTOR SHOULD, THEREFORE, BE AWARE OF THE RISK OF INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL DUE DILIGENCE. IT IS ADVISABLE TO CONSULT ANY INDEPENDENT INVESTMENT ADVISOR BEFORE MAKING ANY INVESTMENT.



K-Electric Limited

(formerly known as KESC)

Date of Incorporation: September 13, 1913, Karachi, Incorporation Number: 0000002, Registered and Corporate Office: KE House, 39-B, Sunset Boulevard, Phase II, Defence Housing Authority, Karachi, Contact Person: Ms. Syeda Sharmeen Ahmed, Contact Number: 92-21-3870 9132 (Ext: 2709), Website: www.ke.com.pk, Email: retail.sukuk@ke.com.pk

Prospectus

The Issue Size of Rated, Unsecured and Listed Sukuk is upto PKR 3,000 million with a tenor of 1 year and a Green Shoe Option of PKR 1,000 million, out of which Sukuk Certificates of PKR 1,000million (33.33% of Issue Size) are issued to the Pre-IPO investors and PKR 2,000 million (66.67% of Issue Size) are being offered to the general public by way of an Initial Public Offering through this Prospectus.

Rate of Return: 3-Months floating rate instrument @ 3-month KIBOR (Ask Side) plus 0.20% per annum

Instrument Rating: AA/A1+ by Pakistan Credit Rating Agency

Long-Term Entity Rating: AA (Double A) by Pakistan Credit Rating Agency

Short-Term Entity Rating: A1+ (A One Plus) by Pakistan Credit Rating Agency

[As per PSX's Listing of Companies and Securities Regulations, the Draft Prospectus was placed on PSX's website for seeking public comments starting from [•], 2025 to [•], 2025. The comments received have been duly incorporated/responded to by the Consultant to the Issue.]

Date of Public Subscription: from [•]/2025 to [•]/2025 (both days inclusive) from: 9:00 am to 5:00 pm

From DD/MM/2025 to DD/MM/2025 only individual investors can apply

From DD/MM/2025 to DD/MM/2025 all investors i.e. individuals and institutions can apply

(For further details please refer to Part 5 of the prospectus)

EXCLUSIVE MANDATED LEAD ADVISOR AND ARRANGER & CONSULTANT TO THE ISSUE



SHARIAH STRUCTURING BANK



Bankers for the Retail Portion of the Issue:

Habib Bank Limited United Bank Limited Bank Alfalah Limited Meezan Bank Limited Bank Al Habib Limited MCB Bank Limited
Allied Bank Limited Bank of Punjab Habib Metropolitan Bank Faysal Bank Limited Bank Islami Pakistan Limited Dubai Islamic Bank Pakistan Limited MCB Islamic Bank Limited

For Retail portion, investors can submit application(s) through both electronic and physical mode. Electronic/online applications can be submitted through PSX's e-IPO system (PES) and CDC's Centralized E-IPO system (CES).

PES can be accessed via weblink <https://eipo.psx.com.pk/EIPO/home/index> and

CES can be accessed via weblink <https://www.cdc-pakistan.com/businesses/others/eipo/>. For details, please refer to Section 13 of the Prospectus.

Tutorial of PSX's e-IPO system can be viewed: https://www.youtube.com/watch?v=E0CILM6gXvA&ab_channel=PakistanStockExchangeLimited

User manual guide can be accessed: <https://eipo.psx.com.pk/EIPO/user/userguide>

Shariah Advisor – I – HBL Islamic Banking Shariah Board	
	Dr. Mufti Muhammad Zubair Usmani Dr. Mufti Ejaz Ahmad Samadani Mufti Muhammad Yahya Asim
Shariah Advisor – II - ASAS Shariah Advisory Services (Pvt.) Ltd.	Shariah Advisor – III
 Mufti Syed Zahid Siraj Mufti Waseem Akhtar Mufti Muhammad Nadeem Siddiqui	Mufti Ali Asghar

Date of Publication of this Prospectus: [•]/2025 The Issue is proposed to be listed at the Pakistan Stock Exchange Limited Prospectus and Subscription Form can be downloaded from the following websites: www.ke.com.pk, www.hbl.com, www.psx.com.pk, and www.cdceipo.com

For further queries, you may contact:


K-Electric Limited: Mr. Danyaal Jamal, Phone: +92-21-3870 9132 (Ext: [1337]); Email: danyaal.jamal@ke.com.pk, Ms. Syeda Sharmeen Ahmed, Phone: 92-21-3870 9132 (Ext: 2709); Email: sharmeen.ahmed@ke.com.pk, Mr.

Kelash Kumar, Phone: 92-21-3870 9312 (Ext: 7073); Email: kumar.kelash@ke.com.pk

Habib Bank Limited: Mr. Burhan Nasir; Phone: +92 21 33116504; E-mail: burhan.nasir@hbl.com; Mr. Badr Un Naeem Siddiqui; Phone: +92 21 33116535; Email: badr.siddiqui@hbl.com; Ms. Sana Hidayatullah; Phone: +92 21 33116537; Email: sana.hidayatullah@hbl.com

UNDERTAKING BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

AD198991



SYED RIAZ MUSTAFA RIZVI
 Status: Notary License # 58
 S-C-64, Street, Mohal Nazimabad, Karachi

DATE: 18 OCT 2024

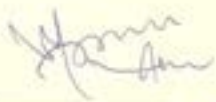
Date: 18 October, 2025

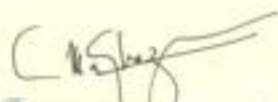
UNDERTAKING BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

WE, SYED MOONIS ABDULLAH ALVI, THE CHIEF EXECUTIVE OFFICER AND MUHAMMAD AAMIR GHAZIANI, THE CHIEF FINANCIAL OFFICER OF K-ELECTRIC LIMITED, HEREBY CERTIFY THAT:

1. THE PROSPECTUS CONTAINS ALL INFORMATION WITH REGARD TO THE ISSUER AND THE ISSUE, WHICH IS MATERIAL IN THE CONTEXT OF THE ISSUE AND NOTHING HAS BEEN CONCEALED IN THIS RESPECT;
2. THE INFORMATION CONTAINED IN THIS PROSPECTUS IS TRUE AND CORRECT TO THE BEST OF OUR KNOWLEDGE AND BELIEF;
3. THE OPINIONS AND INTENTIONS EXPRESSED THEREIN ARE HONESTLY HELD;
4. THERE ARE NO OTHER FACTS, OMISSION OF WHICH MAKES THE PROSPECTUS AS A WHOLE OR ANY PART THEREOF MISLEADING; AND
5. ALL REQUIREMENTS OF THE SECURITIES ACT, 2015, THE DISCLOSURES IN PUBLIC OFFERING REGULATIONS, 2017 FOR PREPARATION OF PROSPECTUS RELATING TO APPROVAL AND DISCLOSURES HAVE BEEN FULFILLED.
6. NO CHARGES, FEE, EXPENSES, PAYMENTS ETC., HAVE BEEN COMMITTED TO BE PAID TO ANY PERSON IN RELATION TO THIS PUBLIC OFFERING EXCEPT FOR THOSE AS DISCLOSED IN THIS PROSPECTUS.

On behalf of K-Electric Limited


 Syed Moonis Abdullah Alvi
 Chief Executive Officer


 Muhammad Amir Ghaziani
 Chief Financial Officer

ATTESTED
 S. RIZWAN ADVOCATE
 B.A.L.L.B. NOTARY PUBLIC
 KARACHI-PAKISTAN

GLOSSARY OF ABBREVIATIONS

3M KIBOR	3-Month Karachi Inter-Bank Offered Rate (Ask Side)
Bn	Billion
BoD	Board of Directors
Bps	Basis points. 100 (One hundred) basis points equal 1 per cent.
BYCO	BYCO Petroleum Pakistan Limited
CAPEX	Capital Expenditure
CDC	Central Depository Company of Pakistan Limited
CDS	Central Depository System
CEO	Chief Executive Officer
Company or Issuer or KE or KEL	K-Electric Limited
CPPA-G	Central Power Purchasing Agency (Guarantee) Limited
EHT	Extra High Tension
FY	Financial Year ending 30 th June
FO	Furnace Oil
FSA	Fuel Supply Agreement
GoP	Government of Pakistan
HSEQ	Health, Safety, Environment & Quality
IBC	Integrated Business Centers i.e. a network of more than 30 customer facilitation centers.
IM	Information Memorandum
IPO	Initial Public Offering
IPPs	Independent Power Producers
MMBTU	Million British Thermal Units
MMCFD	Million Cubic Feet per Day
Mn	Million
MVAs	Mega Volt Amperes
NC	New Connections
NCCPL	National Clearing Company of Pakistan Limited
NTDC	National Transmission and Dispatch Company Limited
OPEX	Operating Expenditure
p.a.	Per annum
PAEC	Pakistan Atomic Energy Commission
PACRA	Pakistan Credit Rating Agency
PLL	Pakistan LNG Limited
PPA	Power Purchase Agreement
PKR or Rs.	Pakistani Rupees
PMTs	Pole-Mounted Transformers
PSO	Pakistan State Oil Company Limited
RLNG	Regasified Liquefied Natural Gas
SBP	State Bank of Pakistan
SECP	Securities & Exchange Commission of Pakistan
SSGC	Sui Southern Gas Company Limited
T&D	Transmission and Distribution
VAR	Volt-ampere reactive (VAR)

GLOSSARY OF TECHNICAL TERMS

Base Rate	Average 3 (three) months Karachi Inter Bank Offered Rate (KIBOR) prevailing on the Base Rate Setting Date and each Base Rate Revision Date.
Base Rate Setting Date	Means the date being 1 (one) business day prior to the Issue Date, upon which the Base Rate shall be set for the first quarterly period of the tenor of the Sukuk Issue; a detailed mechanism of which is provided in Part 5.1.
Base Rate Revision Date	Means the date being 1 (One) business day prior to the commencement of each subsequent quarterly period after the first quarterly period (each date on which such revision is made being a “ Base Rate Revision Date ”). The revised Base Rate shall be applicable from each Base Rate Revision Date till the next Base Rate Revision Date and, for the last quarterly period during the tenor of the Sukuk Issue, from the last Base Rate Revision Date till the remainder of the tenor of the Sukuk Issue.
Date of Investment	The date when the investor’s subscription money is received
Gross Dependable Capacity	The highest gross power level that the unit can sustain in a period without any operating or regulatory restrictions
Investment Agent	Habib Bank Limited
Issue Agent	Habib Bank Limited
Issuer	K-Electric Limited
Issue Date	The issue date means: <ul style="list-style-type: none"> a) the last subscription date or the date of closure of the subscription period under the IPO, whichever is earlier, if such date falls between the 3rd and 5th days of the calendar month, with the same being a business day; b) If the last subscription date or the date of closure of the subscription period under the IPO, whichever is earlier, does not fall between the 3rd and 5th days of the calendar month, then, the issue date shall be the first business day falling between the 3rd and 5th date of the subsequent calendar month.
Shariah Advisors to the Issue	<p>Shariah Advisor I – HBL Islamic Banking Shariah Board</p> <ol style="list-style-type: none"> 1. Dr Zubair Usmani 2. Mufti Yahya Asim 3. Ejaz Samadani <p>Shariah Advisor II - ASAS Shariah Advisory Services (Pvt.) Ltd.</p> <ol style="list-style-type: none"> 1. Mufti Syed Zahid Siraj 2. Mufti Waseem Akhtar 3. Mufti Muhammad Nadeem Siddiqui <p>Shariah Advisor III</p> <ol style="list-style-type: none"> 1. Mufti Ali Asghar

Sukuk Issue or Issue	means the issuance of listed, rated, unsecured Shariah compliant Sukuk Certificates (issued in scrip less form) in the aggregate amount of up to PKR 3,000,000,000/- (Pak Rupees Three Billion) inclusive of a green shoe option of up to PKR 1,000,000,000/- (Pak Rupees One Billion), pursuant to the provisions of Section 66 of the Companies Act, 2017.
Sukuk Transaction Documents	This Prospectus, the Sukuk Issuance Agreement, the Musharaka Agreement, the Sukuk Subscription & Agency Agreement(s) and other documents and agreements executed/to be executed inter alia between the Issuer and the Investment Agent / Issue Agent in relation to the Sukuk Issue.
Sukuk Certificate	means a Sukuk certificate together with Terms and Conditions, to be issued by the Issuer by way of redeemable capital pursuant to the provisions of Section 66 of the Companies Act, 2017, each certificate having a face value of PKR 10,000/- (Pak Rupees Ten Thousand) each or in multiples thereof, with an aggregate face value of up to PKR 3,000,000,000/- (Pak Rupees Three Billion) inclusive of a green shoe option of up to PKR 1,000,000,000/- (Pak Rupees One Billion). The term “ Sukuk Certificates ” shall mean and include the Sukuk Certificates issued in the CDS which shall be subject to the Terms and Conditions.
Terms and Conditions	means terms and conditions applicable to the Sukuk Certificates attached as Schedule 1 to the Sukuk Issuance Agreement

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PART I

1 APPROVALS, CONSENTS AND LISTING ON THE STOCK EXCHANGE**1.1 APPROVAL OF THE SECURITIES & EXCHANGE COMMISSION OF PAKISTAN**

Approval of the Securities and Exchange Commission of Pakistan (the “**Commission**” or the “**SECP**”) as required under Section 87(2), read with Section 88(1) of the Securities Act, 2015 (the “**Act**”) has been obtained for the Issue, circulation and publication of this Prospectus vide their letter no. [•] Dated [•], 2025.

Disclaimer

IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS APPROVAL, SECP DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER AND ANY OF ITS SCHEMES STATED HEREIN OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED WITH REGARDS TO THEM BY THE COMPANY IN THIS PROSPECTUS

SECP HAS NOT EVALUATED QUALITY OF THE ISSUE AND ITS APPROVAL FOR THE ISSUE, CIRCULATION AND PUBLICATION OF THIS PROSPECTUS SHOULD NOT BE CONSTRUED AS ANY COMMITMENT OF THE SAME. THE PUBLIC/INVESTORS SHOULD CONDUCT THEIR OWN INDEPENDENT DUE DILIGENCE AND ANALYSIS REGARDING THE QUALITY OF THE ISSUE BEFORE SUBSCRIBING.

1.2 APPROVAL OF THE PROSPECTUS BY PAKISTAN STOCK EXCHANGE LIMITED

The Prospectus for the issue of Rated, Unsecured and Listed Sukuk Issue has been approved by the Pakistan Stock Exchange Limited (“**PSX**”) in accordance with the requirements of its Listing of Debt Securities Regulations vide their letter no. [•] Dated [•]/2025.

Disclaimer

- **PSX HAS NOT EVALUATED THE QUALITY OF THE ISSUE AND ITS APPROVAL SHOULD NOT BE CONSTRUED AS ANY COMMITMENT OF THE SAME. THE PUBLIC / INVESTORS SHOULD CONDUCT THEIR OWN INDEPENDENT INVESTIGATION AND ANALYSIS REGARDING THE QUALITY OF THE ISSUE BEFORE SUBSCRIBING.**
- **THE PUBLICATION OF THIS DOCUMENT DOES NOT REPRESENT SOLICITATION BY PSX.**
- **THE CONTENTS OF THIS DOCUMENT DO NOT CONSTITUTE AN INVITATION TO INVEST IN SUKUK OR SUBSCRIBE FOR ANY SECURITIES OR OTHER FINANCIAL INSTRUMENT BY PSX, NOR SHOULD IT OR ANY PART OF IT FORM THE BASIS OF, OR BE RELIED UPON IN ANY CONNECTION WITH ANY CONTRACT OR COMMITMENT WHATSOEVER OF PSX.**
- **IT IS CLARIFIED THAT INFORMATION IN THIS PROSPECTUS SHOULD NOT BE CONSTRUED AS ADVICE ON ANY PARTICULAR MATTER BY PSX AND MUST NOT BE TREATED AS A SUBSTITUTE FOR SPECIFIC ADVICE.**
- **PSX DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THIS DOCUMENT TO ANYONE, ARISING FROM ANY REASON, INCLUDING, BUT NOT**

LIMITED TO, INACCURACIES, INCOMPLETENESS, AND/OR MISTAKES, FOR DECISION AND/OR ACTIONS TAKEN BASED ON THIS DOCUMENT.

- **PSX NEITHER TAKES RESPONSIBILITY FOR THE CORRECTNESS OF CONTENTS OF THIS DOCUMENT NOR THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS THEREUNDER.**
- **ADVICE FROM A SUITABLY QUALIFIED PROFESSIONAL SHOULD ALWAYS BE SOUGHT BY INVESTORS IN RELATION TO ANY PARTICULAR INVESTMENT.**

1.3 FILING OF PROSPECTUS AND OTHER DOCUMENTS WITH REGISTRAR OF THE COMPANIES

The Company has delivered to the Registrar of Companies, Karachi as required under Sections 57 (1) of the Act, a copy of this Prospectus signed by all the Directors of the Company together with the expert reports and contracts mentioned in the Prospectus with the Registrar of Companies.

1.4 CONSENT FROM SHARIAH ADVISORS TO THE ISSUE

The Shariah Advisors to the Issue have given consent to include and publish names of their members in the Prospectus.

1.5 LISTING ON THE STOCK EXCHANGE

Application has been submitted by the Issuer to PSX for listing of the Sukuk Certificates. If for any reason the application for formal listing is not accepted by PSX or approval for formal listing is not granted by PSX before the expiration of twenty-one days' period from the date of closing of the subscription period / list or such longer period not exceeding forty two days as may, within the said twenty-one days, be notified to the applicants for permission by the securities exchange, the Issuer undertakes that a notice to that effect will immediately be published in the press and it will refund Subscription Money to the applicants without surcharge as required under the provisions of Section 69 of the Companies Act, 2017.

If any such money is not repaid within eight (08) days after the Company becomes liable to repay it, the Directors of the Company shall be jointly and severally liable to repay that money from the expiration of the eighth day together with surcharge at the rate of two per cent (2.0%) for every month or part thereof from the expiration of the eight-day period and, in addition, shall be liable to a penalty of level 3 on the standard scale in accordance with the provisions of sub-section (2) of Section 69 of the Companies Act.

The surcharge mechanism has been mentioned here in order to ensure regulatory compliance. However, from the Shariah perspective, since this surcharge is a form of interest, the applicants are advised to dispose any such received amount as charity.

1.6 COMPLIANCE OFFICER

Danyaal Jamal
Head of Treasury and Corporate Finance
K-Electric Limited
KE Head Office - Main Building,
39-B, Sunset Boulevard, DHA II, Karachi
danyaal.jamal@ke.com.pk; 021-38709132 (Ext: 7073)

PART II

2 SUMMARY OF THE PROSPECTUS

2.1 PRIMARY BUSINESS OF THE ISSUER AND THE INDUSTRY IN WHICH IT OPERATES

KE is principally engaged in the generation, transmission and distribution of electric energy under the Electricity Act, 1910 and the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997) (the “**NEPRA Act**”) read with the NEPRA (Electric Power Supplier) Regulations, 2022 and the NEPRA (Electric Power Procurement) Regulations, 2022, to its licensed areas.

As of FY-24, the Company owns six power plants with an installed capacity of 2,817 MW which includes generation capacity enhancement of 1,957 MW since Privatization. Further, the Company’s transmission system comprises 74 grid stations and 184 power transformers having transmission capacity of over 7,095 MVAs and supplemented by a network of around 1,398 km of transmission lines. Moreover, K-Electric has a Distribution Network of 2,112 feeders, 31,422 PMTs, distribution capacity of 8,964 MVAs and supplemented by 11,298 km of HT lines.

K-Electric has been granted the rights to engage in the distribution of electric power to the consumers in its service territory i.e. city of Karachi and adjoining areas of Sindh and Balochistan, serving over 3.7 million consumers. The Company has also been granted supply license to operate as a Supplier of Last Resort (“**SOLR**”) in the electric power supply business.

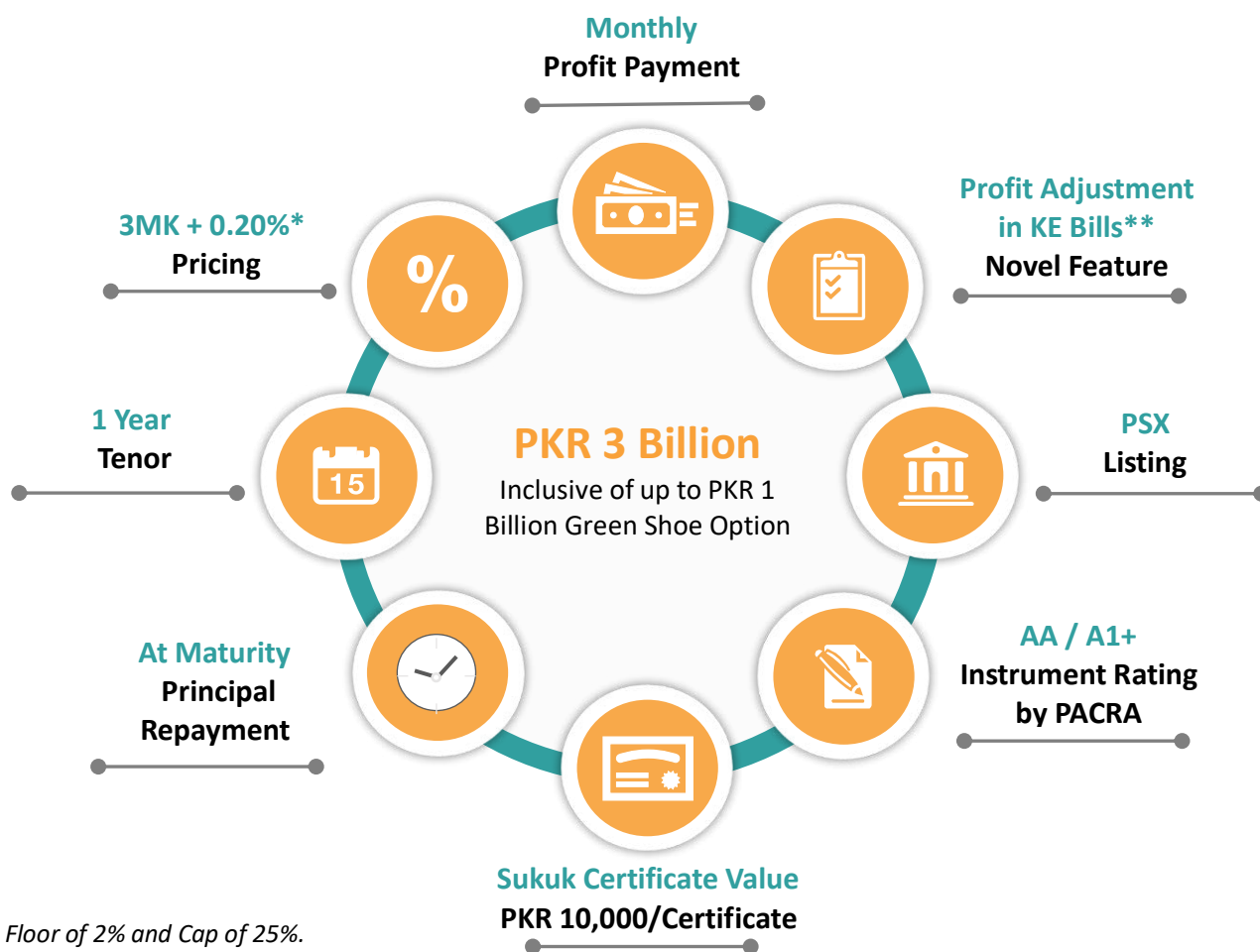
2.2 SPONSORS

Major shareholders and sponsors of the issuer are KES Power Limited (“**KESP**”) and the Government of Pakistan (“**GoP**”). As of June 2024, the shareholding structure of the Company is as follows:

Shareholding Structure		
Shareholder	Number of Shares Held	Shareholding
KES Power Limited (KESP)	18,335,542,678	66.40%
Government of Pakistan (GOP)	6,726,912,278	24.36%
Other Shareholders	2,552,739,290	9.24%
Total	27,615,194,246	100%

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2.3 SALIENT FEATURES OF THE ISSUE



2.4 PRINCIPAL PURPOSE AND UTILIZATION OF PROCEEDS

The primary purpose of utilization of the Sukuk Issue proceeds is to fund routine working capital requirements of the Company that primarily arise due to timing differences between outflows and the requisite inflows. Working capital requirements include fuel payments and power purchases which will be partially funded by the proceeds from the Sukuk Issue.

2.5 LEGAL PROCEEDINGS AND OVERDUE LOANS

For legal proceedings and overdue loans, refer to Part 9 of the prospectus.

2.6 RISK FACTORS

For key risk factors that would have an impact on the Company, its business operations and the Issue, please refer to Part 6 of the prospectus.

2.7 RELATED PARTY TRANSACTIONS

Details of transactions with related parties are detailed in Section 3.9 of the prospectus.

2.8 FINANCIAL INFORMATION

Financial Information			
Audited (PKR in Thousands)	FY 21	FY 22	FY 23
Share Capital	96,261,551	96,261,551	96,261,551
Net Worth	223,951,516	250,171,718	255,154,657
Revenue	325,048,549	518,777,106	519,471,227
Gross Margin	18.2%	13.2%	10.2%
Operating Margin	8.1%	4.0%	-1.5%
Profit After Tax	11,998,182	8,523,578	(30,896,564)
Net Profit Margin	3.69%	1.64%	-5.9%
Earnings Per Share	0.43	0.31	(1.12)
Break-up Value Per Share	8.11	9.06	9.24
Total Borrowings	184,167,816	282,911,982	309,645,664
Financial Leverage Ratio	0.82x	1.13x	1.21x
Cashflow from Operations	42,259,425	(25,746,180)	60,809,317

Note: Financial Information disclosed herein is based on available audited financial statements. Financial information post FY23 is not incorporated as this is not publicly available.

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PART III

3 OVERVIEW, HISTORY AND PROSPECTS**3.1 COMPANY HISTORY AND OVERVIEW**

K-Electric Limited ("the Company" or "KE" or "K-Electric") 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 Limited ("PSX"). The registered office of the Company is situated at KE House, 39-B, Sunset Boulevard, Phase II, Defence Housing Authority, Karachi and its registration number is 0000002.

KES Power Limited (the holding company) holds 66.40 percent (2023: 66.40 percent) shares in the Company. KE is the only vertically integrated power utility in Pakistan. In addition to its own generation fleet comprising of six generation plants with an installed capacity of 2,817 MW, KE has arrangements for over 1,600+ MW from external sources including the National Grid. Besides this, as of June 30, 2024, the Company's transmission system comprises of 1,394 km of transmission lines, 74 grid stations, and 184 power transformers. Moreover, KE has a distribution network of 2,112 feeders, 31,422 PMTs, distribution capacity of 8,964 MVAs supplemented by 11,298 km of HT lines.

Historically, the Company was a state-owned entity. In 2005, a consortium including Al Jomaih Group (a conglomerate based in Saudi Arabia) and National Industries Group (a business group based in Kuwait) acquired a majority shareholding in KE from the Government of Pakistan through an SPV named KES Power. In 2009, Abraaj Capital ("Abraaj"), a private equity firm based in Dubai, acquired majority equity stake in KES Power and accordingly assumed management control of KE via Infrastructure and Growth Capital Fund who joined the consortium as one of the investors.

In October 2022, controlling interests in IGCF General Partner Limited ("IGCF GP") and certain limited partnership interests in the Infrastructure and Growth Capital Fund L.P. (Fund) were acquired by Sage Venture Group Limited, a British Virgin Islands-registered special purpose company wholly owned by AsiaPak Investments Limited.

KE was granted a distribution license on July 21, 2003, for distribution and supply of electric power services in its territory for a period of twenty years till July 2023. NEPRA vide determination dated January 19, 2024, granted a Distribution and Electric Power Supplier License to K-Electric for a period of 20 years, effective from 19th January 2024.

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Since privatization, investments of PKR 598 Billion (USD 4.6 Billion) have been made up to FY24 in power infrastructure resulting in significant improvements across the power value chain. KE's business model is summarized as follows:



Note: information as at June 2024

KE is the only vertically integrated power utility in Pakistan, managing all key areas — Generation, Transmission, Distribution and Supply — ensuring energy delivery to all its customers. K-Solar (Private) Limited (“K-Solar”) is a wholly owned subsidiary of KE Venture Company (Private) Limited, (“KEVCL”) which is wholly owned by K-Electric Limited. K-Solar offers products or services dealing in all forms of renewable energy and promotes the conservation and efficient use of electricity with a market presence across Pakistan

KE with distribution rights for Karachi and its adjoining areas including Dhabeji and Gharo in Sindh and Hub, Uthal, Vindar and Bela in Balochistan is serving a population base of over 22 million people. The Company has a diversified consumer base of over 3.7 million including industrial, commercial, agriculture and residential consumers. The breakup of consumers as at June 2024 is as follows:

Breakup of Consumers		
Consumer Type	Number of Consumers	% age
Residential	3,125,561	84.38%
Commercial	553,317	14.94%
Industrial	23,636	0.64%
Agricultural	1,655	0.04%
Public Sector	181	0.00%
Total	3,704,350	100.0%

As the largest electricity provider in Karachi, K-Electric holds strategic importance for both the city and the country. Over the years, Karachi has experienced increasing power demand. However, capacity expansions, loss reduction initiatives, and process improvements have enabled KE to exempt over 70% of the service territory from load shedding (“LS”).

3.1.1 GENERATION

KE currently has a total installed capacity of 2,817 MW (own plants). Since 2009, significant investments have been made on augmenting KE's generation assets in order to increase Company's power generation capacity and operational efficiency. The Company has added 1,057 MW to the existing installed generation capacity since privatization. In addition to its own generation capacity, KE has arrangements with several IPPs and CPPA-G for 1,600+MW as well. The majority of the Company's generation assets are relatively new which has subsequently led to an overall improvement of fleet efficiency from ~30% in 2009 to ~46% in 2024.

Following the COD declarations of BQPS-III both units on RLNG fuel in FY23, KE achieved the highest ever Generation Fleet gross efficiency (HHV) of 49.5% in August 2023. During the year KE also managed to dispatch a maximum supply of 3,550 MW which comprised of 2,049 MW from KE own fleet, 308 MW from IPPs and 1,193 MW from NTDC.

With the addition of 900MW BQPS-III Power Plant, the stability of the network has been improved owing to increased inertia due to a large generating unit in the system. Moreover, the 900MW flagship power plant supplemented the black-start provision in the system. In furtherance to this, the flexibility of managing the VAR requirement, internally by KE, has enabled to optimize voltage level as per the prescribed limits.

The year 2024 also witnessed successful commissioning of BQPS-III units on HSD fuel, with performance tests conducted in NEPRA's presence, leading to COD declaration of Unit-10 and Unit-20 on HSD on January 10 and March 6, 2024, respectively.

Further, having filed a Multi-Year Tariff petition requesting an IPP structure-based tariff for KE's generation, KE subsequently worked on developing and implementing reporting structures similar to those of IPPs. NEPRA approved the generation tariff for all of KE's power plants for the period post-June 2023 in October 2024.

To ensure that KE continues to deliver uninterrupted economical supply to its customers, KE commissioned an in-house gas mixing station at BQPS-II for SSGC and PLL RLNG gas supplies which has enabled flexible online fuel changeovers and reduced operational costs by minimizing startups and shutdowns. Furthermore, subsequent to successful interconnection of PLL RLNG gas header to BQPS-I gas header, BQPS-I units were operated on PLL RLNG, to provide economical fuel option as compared to furnace oil and SSGC gas.

Moreover, utilizing the reduced demand period of winters KE invested in the upkeep of its existing generation plants. The advantages of KE's continual generation plant maintenance are as follows:

- 3.7% improvement in the Fleet Gross Efficiency %.
- 16% increase in Fleet Maximum Supply (KE Own).
- 1.7% decrease in Fleet Energy Loss Rate.

Overview of KE's generation capacity as of FY 24 is as below:

KE's Generation Capacity		
Power Plants	Installed MW ¹	Gross Dependable MW
Bin Qasim Power Station-I (BQPS-I) ²	840	740
Bin Qasim Power Station II (BQPS-II)	573	526
Korangi Combined Cycle Power Plant (KCCPP)	248	227

KE's Generation Capacity		
Power Plants	Installed MW ¹	Gross Dependable MW
SITE Gas Turbine Power Station (SGTPS-II)	107	96
Korangi Gas Turbine Power Station (KGTPS-II)	107	96
Bin Qasim Power Station III (BQPS-III)	942	918
Total Capacity	2,817	2,603

Notes:

1. Gross installed capacity at ISO conditions
2. Units 3 & 4 decommissioned

In order to manage the growing power demand within its service territory, KE, in addition to its own generation capacity, also procures power from IPPs and the National Grid. A summary of units generated and purchased is as follows:

Gross Units Generated/Purchased in GWh (KE/IPP)		
Year	KE	IPPs
FY 20	10,358	8,100
FY 21	10,939	6,124
FY 22	8,496	11,867
FY 23	7,535	8,339
FY 24	7,788	10,219

As a result of additions to its own generation fleet, along with IPPs added to the KE system, the Company has been able to reduce the peak demand/supply gap over the years. Historic peak demand and supply within KE service area is as follows:

Annual Peak Demand / Maximum Supply in MW			
Year	Supply	Demand	Supply Gap
FY 20	3,202	3,553	-10%
FY 21	3,424	3,604	-5%
FY 22	3,383	3,670	-8%
FY 23	3,408.5	3,654	-7%
FY 24	3,550	3,568	-1%

3.1.2 TRANSMISSION

As a vertically integrated electric utility KE owns, operates, and maintains the Transmission system of its service territory as per its license. KE's transmission system comprises of:

- 1,394 km of 220kV, 132kV and 66kV lines
- 74 grid stations
- 24 Auto transformers of 220/132kV and 132/66kV with transformation capacity of 5,600 MVA
- 184 Power transformers of 132/11kV and 66/11kV with transformation capacity of 7095 MVA

Since privatization, significant investments have been made for the upkeep and improvement of system reliability as well as to enhance capacity to meet the incremental power demand.

Upgradation

With the addition of 22 new grid stations and initiatives for capacity augmentation, since privatization, transmission capacity has been increased by 100%+. This enabled KE to efficiently manage the power demand of the metropolis. Around 293 km of additional transmission lines have also been added to help power evacuation in the system. Moreover, rehabilitation of existing lines and grid equipment is done periodically to increase system stability and reliability whilst reducing the technical losses in the system.

Significant Achievements

KE has witnessed a significant improvement in reliability of its transmission network in FY24 due to ongoing and targeted investments in the network while strategically planning all the operational and maintenance activities. Significant achievements during the year are:

- 130 MVAs added to the system taking net transformation capacity to 7,095 MVAs
- 14% reduction in planned unserved energy
- 23% reduction in SAIDI (System Average Interruption Duration Index).
- 12% reduction in SAIFI (System Average Interruption Frequency Index).
- 100% visibility of 11kV feeders on SCADA (Supervisory Control and Data Acquisition), ensuring operational efficiency and reliability.

Augmentation of New Interconnection Points – 220kV Dhabeji & 500kV KKI Grids

Construction of 500kV KKI interconnection has been completed. The associated 500kV lines were energized in September 2024, while the complete grid 500/220kV grid was energized in October 2024, with power evacuation commencing from 18th October.

Moreover, the 220kV Dhabeji interconnection project has also been completed with all associated ATRs and Transmission Lines. Works for 220kV Dhabeji - NTDC Interconnections have also been completed and the line was energized in September 2024. Power evacuation is expected to commence in first quarter of 2025.

Rehabilitation of Existing Grid Stations

Under the BQPS-III project, the upgradation of the transmission network is in process which includes the augmentation of two critical load grids and two generation interconnection grid stations. Two out of four grids have been energized (ICI and Landhi grids), whereas testing and commissioning works on the remaining two (Qayyumabad & Korangi West grids) are underway.

The rapid progress of these projects demonstrates KE's continued commitment to improving Karachi.

Cyber Security

To address network security and evolving regulatory requirements, Transmission BU has maintained the implementation of cybersecurity controls. This proactive approach has fortified our defense system against potential cyber threats, ensuring the safety and integrity of our infrastructure.

- Access Control (logical and physical)
- Vulnerability assessment
- Cyber Hygiene (Hardening of all dedicated configuration tools)

3.1.3 DISTRIBUTION

K-Electric has distribution rights in Karachi and adjoining areas of Sindh and Baluchistan. This service territory is divided into five (5) regions, and further sub-divided into thirty (30) distribution centers. Residential consumers

constitute the largest proportion of consumers and account for almost 50% of total revenue from sale of energy. Break-up of consumers with respect to revenue generated in percentage terms during FY22-FY23, is as follows:

Revenue Generated from Consumer Segments (% Terms)		
Consumer Segment	FY22	FY23
Residential	38.87%	40.91%
Commercial	18.13%	17.95%
Industrial	43.00%	41.13%
Total	100.00%	100.00%

Residential consumers remain the major customers of the Company (82% of the total consumer mix), contributing almost 41% of total revenue whereas industrial consumers (which account for 1% of the total consumer base) have around 41% share in revenue.

KE's distribution system comprises of 2,112 feeders, 31,422 PMTs and 11,298 km HT lines with overall capacity of 8,964 MVAs. During FY24, the Company encountered numerous challenges to recover Bill payments amidst declining ability to pay by the customers, resulting in a decline in the recovery ratio compared to corresponding period last year. Despite these challenges, the Company remains committed to improving its recovery position through multiple initiatives aimed at facilitating low-income groups/low payment propensity consumers including an easy installment payment scheme named "Hum Qadam - Recovery Plan". Over 100,000 customers have benefitted from this scheme and continue to settle outstanding dues while recovery of PKR 4.6 Bn has been made through easy monthly installments.

Year-round recovery camps have improved accessibility to consumers with 302 camps generating PKR 1,571 Mn. Moreover, KE teams also continued on-ground efforts to disconnect customers who are unable to meet their payment obligations through their own network. Throughout the year, KE has executed more than 3.7 million service disconnections impacting more than 900,000 customers. Furthermore over 30,000 drives have been conducted where the theft ratio is high and around 350,000 kg of illegal connections have been removed under the Ham Qadam governance scheme. As part of KEs efforts to improve proficiency, a total of c.160,000 meters were installed during FY 2024 and a comprehensive governance plan implementation has improved loss on targeted feeders.

As part of KEs customer focused strategy, KE has now established a total of 37 customer facilitation centers (CFCs) and deployed 17 IBCs on wheel (IOWs) to enhance the convenience of bill payments, new connection requests, and addressing customer complaints.

Digital Payments and Partnerships

K-Electric has positioned itself as a digital pioneer in Pakistan's utility sector. Their focus on digital transformation has significantly enhanced customer experience, streamlined operations, and promoted sustainability. A key component of this transformation is the expanded digital payment network. Through strategic partnerships with banks and fintech, KE has introduced innovative digital payment solutions to simplify bill payments for the ease of the customers.

- Pioneering QR Code Payments:** As the first utility in Pakistan, KE has implemented SBP's RAAST P2M QR solution, offering customers a convenient, instant and secure payment option. KE's collaboration with Bank Alfalah and SBP has facilitated seamless integration and positioned KE as a leader in QR code payments.

- **Driving Digital Adoption:** Successful cashback campaigns with VISA, Alfa, and UBL have incentivized customers to adopt digital payment methods, increasing transaction volumes and expanding our digital customer base.
- **Expanding Payment Channels:** The integration of multiple payment gateways into the KE Live app, along with the establishment of additional bank booths, provides customers with multiple options to conveniently pay their bills.

These initiatives demonstrate KE's commitment to delivering exceptional customer service and driving digital progress in the utility industry.

"Kunda Utaaro Meter Lagao" ("KUML")

KUML scheme is an initiative to promote metered connections in place of illegal electricity connections. In areas where electricity theft through use of Kunda is high, KE has ensured energization of around 50,000 meters.

Technical Initiatives

- **Strategic Initiatives**

- Development of Network Improvement Plan (FY24-30), with an aim of Safe, Customer Centric, Reliable, Efficient and Sustainable network. The plan has been approved by NEPRA.
- Reactive to Preventive/ Periodic Maintenance – Development and Implementation of SAP-driven periodic preventive maintenance model in 3 AOCs.
- Up to 30% reduction in the TAT of NC Design Scheme & Estimation for NC customers enabling early energization.

- **Network Reliability**

- There have been notable reductions in key reliability indices, including a 15% decrease in SAIFI and 12% decrease in SAIDI.
- With no APM budget in FY24, an increase in SAIFI/ SAIDI was apprehended but the same was averted by launching Mission Possible, a collection of low-CAPEX targeted initiatives to sustain network performance.

- **Cost Efficiency**

- Redesign-to-Cost initiatives generating a consolidated (KE & NC Customers) including:
 - a) Induction of Aluminum Distribution Transformers of 250 kVA, being the first utility in Pakistan.
 - b) Significantly reduced the civil structure footprint (up to 20%) of new substations at customer premises.
 - c) Induction of cold shrink cable joints replacing pre-mold joints for UG cables

Seasonality

Among other factors, power demand is a function of temperature levels and hence seasonal variations impact power demand as well. In KE's service area, average demand in summer period is around 2600 MW dropping to 1800 MW in winter period. Maintenance activities, plant utilization, load-shed are planned taking into account the impact of seasonality on power demand.

3.1.4 PATTERN OF SHAREHOLDING

Major shareholders of issuer are KES Power Limited ("KESP") and Government of Pakistan ("GoP"). As of 30th June 2023, the shareholding structure of the Company is as follows:

Shareholding Pattern		
Shareholder	Number of Shares Held	Shareholding
KES Power Limited (KESP)	18,335,542,678	66.4%
Government of Pakistan (GOP)	6,726,912,278	24.36%
Mutual Funds & Modarabas	167,701,279	0.61%
Directors, CEO & their Spouse and Minor Children	60	0.0%
Executives	102	0.0%
Public Sector Companies and Corporations	46,870	0.0%
Banks, Development Finance Institutions, Non-Banking Finance Companies	234,144,253	0.85%
Insurance Companies	7,783,840	0.03%
General Public – Local	1,724,853,769	6.25%
General Public - Foreign	23,644,539	0.09%
Foreign Companies	309,870	0.00%
Other Shareholders	394,254,708	1.43%
Total	27,615,194,246	100.0%

Current shareholding structure of the Company is as follows:



3.2 REVENUE AND COST DRIVERS

The Company, being a regulated entity, is governed through the Multi Year Tariff (MYT) regime. Accordingly, the National Electric Power Regulatory Authority (NEPRA) determines the tariff for the Company for the tariff control period from time to time.

Key Drivers	
Revenue Side	Cost Side
<ul style="list-style-type: none"> Tariff based on a fixed revenue requirement (No sent out risk on KE) Monthly Fuel cost adjustments RoE (with USD indexation) 	<ul style="list-style-type: none"> Generation Efficiency & Auxiliary based on NEPRA determined benchmarks O&M Cost (with CPI indexation)

- | | |
|---|---|
| <ul style="list-style-type: none"> • <i>O&M with annual CPI indexation</i> • <i>Finance cost with KIBOR/SOFR indexation</i> • <i>Working capital costs</i> • <i>T&D loss adjustments</i> • <i>Annual Investment adjustment</i> | <ul style="list-style-type: none"> • <i>Depreciation (subject to adjustment with actual CAPEX)</i> • <i>Finance Cost (with KIBOR/SOFR adjustment)</i> • <i>Working capital costs</i> |
|---|---|

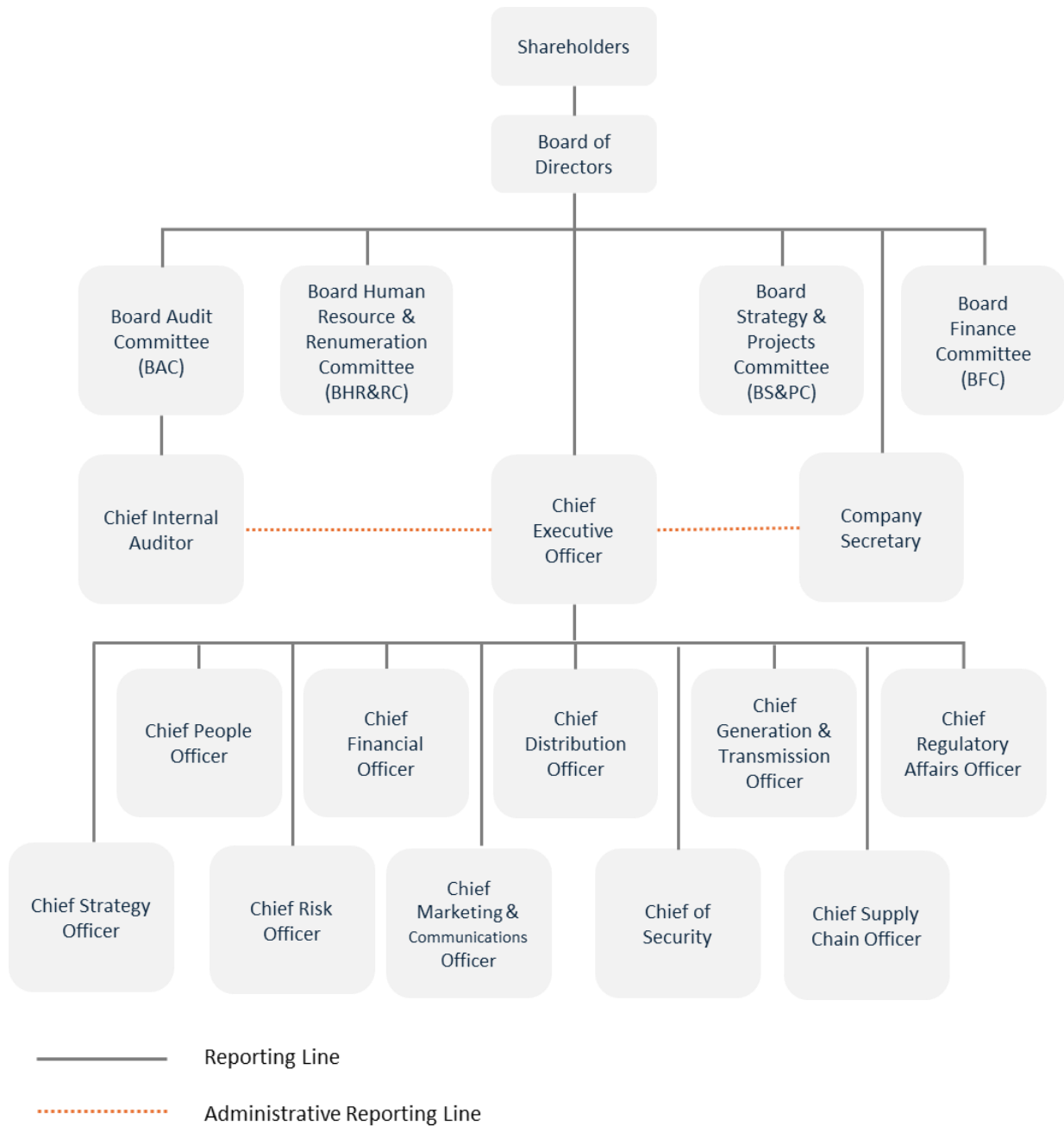
Further, KE's MYT includes a tariff variation mechanism based on which fuel, power purchase and other components are to be adjusted in tariff through the monthly, quarterly and annual adjustment mechanism defined in the MYT.

KE was awarded an integrated MYT by NEPRA for a control period of 7 years that expired in June 2023. Keeping in view learning of the MYT 2017-2023 and the ongoing changes in the power sector including Distribution (network) and Supply business being separately licensed activities, implementation of the Competitive Trading Bilateral Contract Market ("**CTBCM**") model, and the proposed country-wide central economic dispatch, KE is endeavoring for separate tariff determination for each business segment for the period post-June 2023. For the period FY24 to FY30, KE has requested separate tariffs for its Generation (G), Transmission (T), Distribution (D), and Supply (S) businesses unlike the previous tariff regime where KE was provided an integrated tariff being the only vertically integrated company in Pakistan.

NEPRA has approved the Generation tariff for all its power plants for the period post June 2023. The Multi-Year Tariffs for Transmission, Distribution, and Supply businesses for the period FY24 to FY30 are currently under the determination of NEPRA and are fundamental for the preparation of financial statements for the period post-June 30, 2023. Continued engagements are being done with the NEPRA team to expedite the regulatory proceedings/approvals.

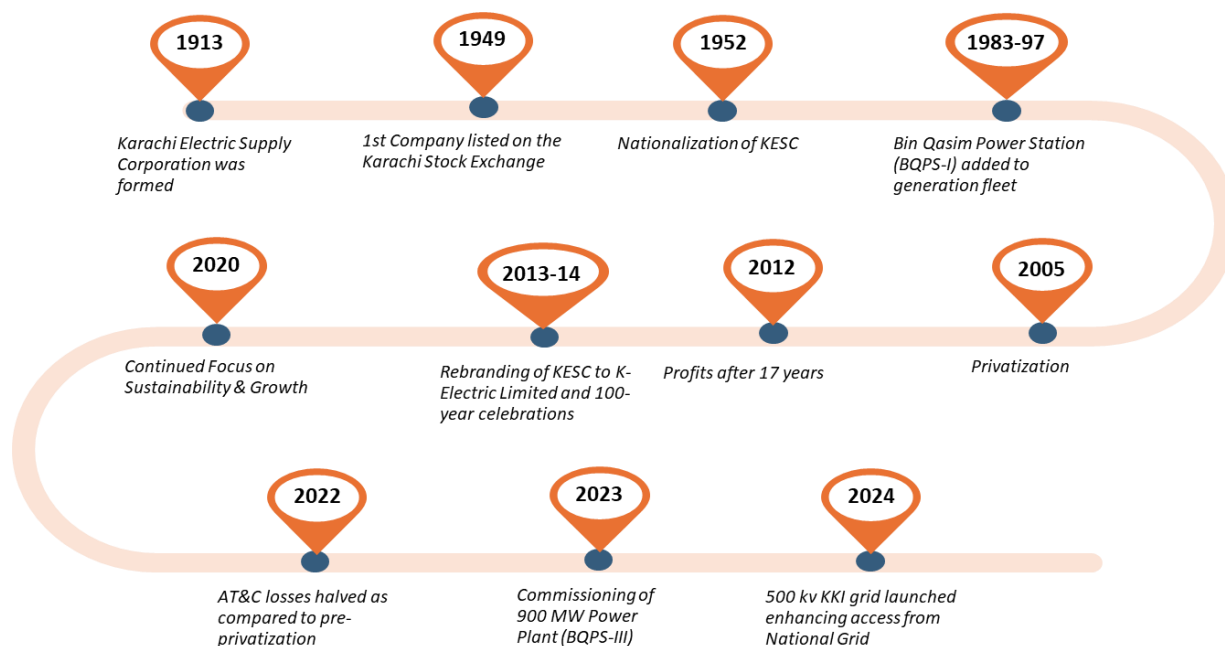
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3.3 ORGANIZATIONAL STRUCTURE



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3.4 MAJOR HISTORICAL EVENTS



3.5 FUTURE PROSPECTS AND DEMAND OUTLOOK

KE is a dynamic organization that has demonstrated its resilience and determination to grow and thrive, overcoming multiple challenges in its 111-year journey since its inception in 1913. Most importantly, since privatization in 2005, a successful turnaround has been executed through a combination of propitious investments and professional management. Further, the Company continues to prioritize safety in all of its operations and remains firm in its commitment to ensure the safety of its people, infrastructure as well as the safety of the people and the communities it works with.

Since its privatization in 2005, the Company has made targeted investments of USD 4.6 Billion across the power value chain. Through these investments, KE has been able to add 1,957 MW of efficient generation capacity to its fleet, significantly reduce T&D losses, and bolster network capacity for a safe and reliable supply of power to the consumers. The addition of the 900 MW RLNG power plant, which is among the top-most efficient power plants in the country, is a testament to KE's commitment to its consumers and Karachi. In addition, the Company has recently set up two new interconnection points, enabling off-take of additional power by KE from the National Grid. This additional power draw will not only help KE manage the incremental power demand in its service area but also help reduce the burden of capacity payments on the national exchequer.

Customer-centricity is a core organizational value, reiterating the Company's belief that customers are at the heart of our business. Making KE increasingly more accessible to customers and enabling self-service solutions are high on the Company's agenda. In this regard, KE has further extended and enhanced its customer service portfolio through the addition of a Mobile App as well as a Web-based Consumer Portal, with efforts already underway to scale up its offerings. The Company has also made significant strides to expand its payment solution options, in pursuit of facilitating customers.

A key lever that has propelled the Company's growth is technology, underpinning many of its customer platforms and driving the organization to explore more efficient and innovative ways of doing business. The Company has also accelerated investments in technological advancements, including the installation of Automated Meter Readers ("AMR") technology at the PMT level and the implementation of the Meter Data Management System ("MDMS") Project, providing greater visibility into network performance and ensuring better transparency.

The Company strongly believes in its professionally driven workforce and dynamic management, who are and will be the key to the success of the Company and continue to strengthen the processes with the objective of attracting, hiring, and retaining a high caliber and diverse employee base that can take the organization to the next level.

Investment Plan 2030

Going forward, the Company has prepared a robust network investment plan of USD 2 Billion for the period FY24 to FY30, focusing on growth, loss reduction, network improvement, and technological advancements. Aligned with the vision of adding cheaper and greener power to its system, in a landmark achievement, the Company has also carried out competitive bidding for its 600 MW renewable projects. The Company remains committed to investing and improving operationally, enhancing its service levels and customer experience.

Further, NEPRA has issued its decision in the matter of KE's Investment Plan on April 24, 2024. Overall investment of PKR 392 Bn has been approved for FY24 to FY30, along with the Actualization of Custom Duty, IDC, and Contingency at year-end and indexation for currency depreciation and CPI from FY22. Moreover, the approved amount is indexed at a dollar rate of 206. The same is aimed for 30% growth in customers, a 20% increase in KE's share of renewables and another 30% reduction in power outages.

We embark towards New Frontiers with an
INVESTMENT PLAN
 of approximately
USD 2 BILLION
 FY 2024 to FY 2030

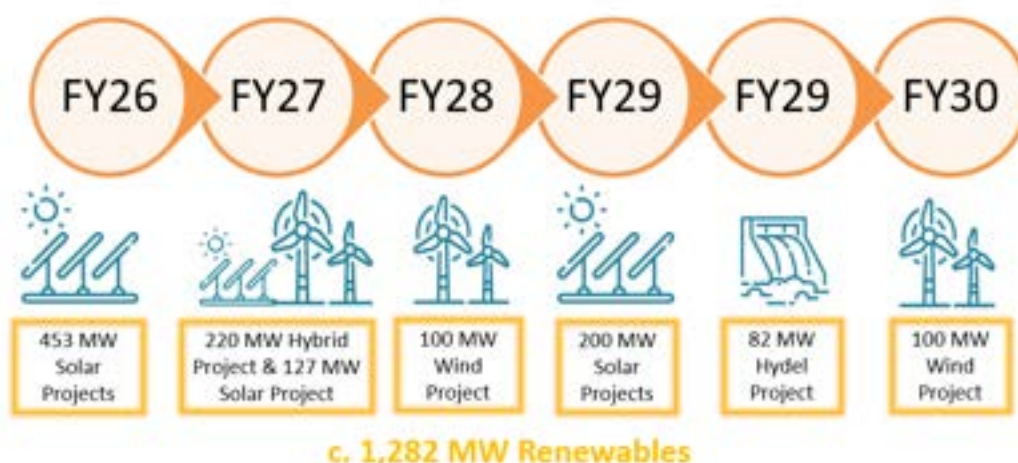
Vision 30 by '30
30 %
 ↑ Share of Renewables
 ↑ Customer Base
 ↓ Power Outage

To further enhance the system's reliability and capacity, KE has chalked out a 7-year comprehensive future investment plan from FY24 to FY30, with the following key initiatives:

- Addition of one (1) 500kV grid, three (3) 220kV grids, and nine (9) 132kV grids over the planning period.
- Addition of 450km of new transmission circuits.
- Augmentation of (3) x 220/ 132kV auto transformers and (4) x 132/ 11kV power transformer at existing grids.
- Extension of 220kV and 132kV transformers and lines bays.
- Overhauling of GIS bays for optimum performance and safety.
- Replacement of old power transformers and allied equipment.

- Replacement of relays and allied equipment.
- RTV Coating and services/installation and replacement of composite insulators which would reduce the requirement for cleaning and tripping hazards.
- Tower structure rehabilitation / transmission line allied equipment necessary for network safety and reliability
- Underground cable replacement to improve system resilience.
- Rehabilitation and replacement work in the current network, with a focus on crucial 220 kV and 132 kV Transmission Lines.
- Rerouting of lines having access issues leading to deterioration of transmission asset, through wider, accessible corridors.
- Rehabilitation and strengthening of grid civil infrastructure to avoid any safety, quality, and operational hazards.

Keeping in view the growing power demand in KE's service area, a robust and aggressive capacity addition plan has been prepared with a focus on the utilization of indigenous resources along with renewables (including hydro), in line with the National Electricity Policy to add a low cost, indigenous fuels-based power projects. Subject to third-party studies and regulatory approvals, KE has planned a total addition of 2,272 MW including renewables of approximately 1,282 MW, by FY30 in the following manner:



Renewable Projects in Progress

K-Electric has successfully culminated the bidding process of its pioneer renewable energy projects through open competitive bidding and has secured the lowest tariffs in the history of Pakistan's power sector, paving the way for a competitive energy market. The Successful Bidder will form the Special Purpose Vehicle to develop, construct, operate and maintain the project under IPP mode. This significant development brings the company closer to its ambitious goal of incorporating 30% renewable energy into its power generation mix by 2030.

150 MW at Winder and Bela

K-Electric has shortlisted the successful bidder through open competitive bidding for 50 MW and 100 MW solar power projects in Winder and Bela respectively, in the province of Balochistan under the IPP regime. The project is expected to achieve COD by FY 2025-26.

270 MW GOS Solar (in collaboration with Government of Sindh)

KE has concluded the bidding process for the 150 MW solar power project at Deh Metha Ghar and 120 MW solar power project at Deh Halkani. The Projects are an initiative of Government of Sindh under the umbrella of Sindh Solar Energy Project (SSEP), to increase solar power generation and access to electricity in Sindh Province. The Auction Evaluation Report is under approval with NEPRA. The Projects are expected for commissioning in FY-26.

220 MW Site Neutral Hybrid Renewable Project

Based on KE's Business plan, KE intends to induct a 220 MW (AC peak) Hybrid Renewable Project within 50 km radius from its Dhabeji Grid station into its system. KE has concluded the bidding process, and the Bid Evaluation Report has been submitted to NEPRA for its approval. COD is expected in FY-27.

The above additions in KE Fleet are aligned with KE objectives to achieve 30% renewable generation mix by 2030 through wind, solar and hydel power projects. Building the capacity to evacuate power and meet the growing demand requires sustained investments in grids and interconnection infrastructure including KE's first-ever 500kv network.

Receivables from Government Entities and Departments / Execution of Forward-Looking Contracts

As of June 30, 2023, KE's net receivables from various Federal and Provincial Government entities, stood at PKR 23.9 billion on a principal basis. The backlog of receivables continued to have a consequential impact on the Company including its ability to enhance the pace of investment in power infrastructure. However, for the sustainability of KE as well as the sector at large, it is imperative that all parties including the Government, reach an amicable solution to resolve these long-standing issues in accordance with the law.

To solve this, KE has successfully entered into multiple agreements with the Government of Pakistan to formalize their long-standing and ongoing arrangements with them. These agreements mainly pertain to electricity procurement from the national grid (Power Purchase Agreement), subsidy payments by GoP to KE for providing relief to the consumer base and financial security to K-Electric (Tariff Differential Subsidy Agreement) and also aim to settle any outstanding conflicts with respect to past dues (Mediation Agreement).

Power Purchase Agency Agreement:

1. Supply of firm 1,000 MW from the national grid and an additional power up to the inter-connection capacity (2600 MW) on a pro-rata basis
2. Master Collection Account (MCA) will act as security against payments to CPPA
3. Term of the Agreement: 10 years

Tariff Differential Subsidy Agreement

1. Monthly TDS Claims shall be processed within 30 days of filing and payments will be made as and when due.
2. In case of non-payment, a set-off mechanism will trigger after 60 days

Mediation Agreement

1. Appointment of mediator for settlement of historic receivables and payables between KE and Govt. entities
2. Determination to be based on fair methods of calculation

Multi-Year Tariff (MYT)

KE was awarded an integrated MYT by NEPRA for a control period of 7 years that expired in June 2023. Keeping in view learning of the last approved MYT and the ongoing changes in the power sector including Distribution (network) and Supply business being separately licensed activities, implementation of CTBCM (Competitive

Trading Bilateral Contract Market) model, and the proposed country-wide central economic dispatch, KE is endeavoring for separate tariff determination for each business segment for the period post-June 2023.

In line with KE's business plan, KE won't be investing in new Generation plants. However, additional requirements of electricity would be catered by purchasing from IPPs. Additionally, new investments on KE's balance sheet would be made in the T&D business as part of KE's approved investment plan of USD 2 Billion valid until 2030.

Keeping in view learnings from previous MYT, KE has filed separate tariffs for each of its businesses for Generation, Transmission, Distribution & Supply for the period FY24 to FY30. Below are the salient features of the new unbundled tariff structure: (These tariff features are subject to regulatory approvals)

- National Electric Policy envisages a recovery loss allowance component based on the improvement curve of the recovery ratio which will ultimately help in timely cost recoupment and cash flows.
- Tariffs for generation plants include capacity payments & energy payments which will ensure adequate cost recovery of both variable and fixed costs
- Adjustment for actualization of foreign cost of debt also covering exposure of exchange variation on loan balances and markup
- Annual Adjustment for under/over recovery including O&M
- Robust indexation mechanism for uncontrollable factors like sales growth, KIBOR, SOFR, etc.

NEPRA has approved Generation tariff for all its power plants for the period post June 2023. The Multi-Year Tariff for Transmission, Distribution, and Supply businesses for the period FY24 to FY30 is currently under the determination of NEPRA and is fundamental for the preparation of Financial Statements for the period post-June 30, 2023. Continued engagements are being done with the NEPRA team to expedite the regulatory proceedings/approvals.

Load Growth Requirement & Loss Reduction – Medium to Long-Term Arrangement

KE has planned to achieve transmission capacity enhancement by 755 MVA to meet the growing demand through addition of Power Transformers at new 132kV grid stations and augmentation in existing grid stations. Further, in order to improve the reliability & stability of the transmission network, KE will also add Auto Transformers through an augmentation in existing grid stations and, addition of 220kV grid stations and associated transmission lines which will increase KE's current 220/132KV Auto Transformers capacity by 2000 MVA and 500/ 220kV Auto Transformers capacity to 1,800MVAs.

With these network expansions, there will not be any constraints or forced load shedding in the transmission or distribution networks. Additionally, the Company is also scaling up its efforts to combat power theft by converting high-loss PMTs to ABC, with a goal of converting all high-loss PMTs to ABC by 2030.

Distribution and Electric Power Supplier License

KE was granted a distribution license on July 21, 2003, for distribution and supply of electric power services in its territory for a period of twenty years till July 2023. With the ongoing changes in the power sector including the Distribution (network) and Supply business being separated licensed activities under the NEPRA Act 1997 (as amended) and implementation of CTBCM, KE, during the year, filed separate license applications for Distribution and Supply businesses.

KE's Distribution & Supply License has been renewed by NEPRA for the next 20 years, effective from 19th January 2024.

3.6 AWARDS AND ACCREDITATIONS

Diamond Award	K-Electric won the Diamond Award at the Employers' Federation of Pakistan's Women Empowerment and Gender Equality Awards 2024
Equity and Inclusion Benchmark	K-Electric was recognized at Global Diversity, Equity and Inclusion Benchmark (GDEIB) Awards 2024.
HR Pinnacle Awards	K-Electric was recognized for Innovative Initiatives at the HR Pinnacle Awards
EFP OSHE Awards	K-Electric won Best Practices in Electricity and Power Sector at 17 th Employers' Federation of Pakistan (EFP) OSHE Awards
Employer of Choice Gender Diversity	K-Electric was awarded with Honorable mention for Employer of Choice Gender Diversity Award by International Finance Corporation (IFC) and Center of Excellence in Responsible Business (CERB) – Pakistan Business Council (PBC)
Risk-based Fire Safety Awards	K-Electric won Risk-based Fire Safety Award at the National Fire Symposium 2023 by Fire Protection Association of Pakistan (FPAP)
Disability Inclusion Excellence Award	K-Electric won Disability Inclusion Excellence Award By Employers' Federation of Pakistan (EFP)
Best ESG Reporting Award	K-Electric won Best ESG Reporting Award for the year 2022 by CFA Society Pakistan

3.7 VENDORS TO THE ISSUER

A significant portion of KE's total payments are made to Fuel & Power Suppliers. Major contributors are listed below:

Fuel Suppliers	Power Suppliers
<ul style="list-style-type: none"> • Pakistan LNG Limited • Sui Southern Gas Company Ltd • Pakistan State Oil 	<ul style="list-style-type: none"> • NTDC/CPA-G • Sindh Nooriabad Power Company (Pvt.) Limited • FFBL Power Company Limited • Lucky Cement Limited • Gharo Solar (Pvt) Ltd • International Steel Ltd • Oursun Pakistan Limited

3.8 APPROVALS

KE has all the required licenses and approvals from the government and concerned regulatory authority for carrying out the business of generation, transmission and distribution of electricity. Details of these licenses are provided below:

Regulatory Licenses									
License	Issue Date	Expiration Date ¹	Details						
Generation (GL/04/2002)	Nov 18, 2002	Nov 17, 2027	The license allows KE to produce electricity by from its six (06) distinctly located generation facilities/thermal power plants. Remaining useful life of these plants have been tabulated below:						
			DETAILS	BPQS-I	KCCPP	KGTPS	SGTPS	BQPS-II	BQPS-III
			COD	1983-97	2008-15	2009-15	2009-15	2012	2023
	End of Useful Life²	2018-32	2039-40	2039-40	2039-40	2042	2053		
Transmission (TL/02/2010)	June 11, 2010	June 10, 2030	This license allows KE to engage in the transmission of electric power business as transmission network and system operator within the territory defined in the license.						
Distribution (DL/09/2024)	Jan 19, 2024	Jan 18, 2044	The license allows KE to carry out distribution service and make sales of electric power in its Service Territory.						
Supply (SOLR/09/2024)	Jan 19, 2024	Jan 18, 2044	The license allows KE to engage in electric power supply business as Supplier of Last Resort (SoLR) subject to and in accordance with the terms and conditions of this license.						

Upon expiry of these licenses, KE being a going concern, shall apply for their renewal in accordance with the prevailing laws and regulations.

3.9 RELATED PARTIES TRANSACTIONS

Related parties of the Company comprise associated companies, state-controlled entities, staff retirement benefit plans, Company's directors and key management personnel. Details of transactions with related parties are as follows:

Related Party Transactions						
S. No	Related Parties	Relationship	Nature	FY21	FY22	FY23
				(PKR in Millions)		
1	CPPA-G/NTDC	State controlled entity	Power purchases	66,980	144,462	160,108
2	PSO	State controlled entity	Purchase of furnace oil and lubricants	49,514	91,802	77,866
3	SSGC	State controlled entity	Purchase of gas	79,923	111,349	54,958
4	Pakistan LNG Limited	State controlled entity	Purchase of furnace oil	-	8,117	78,388

¹ As per Licenses issued by NEPRA

² Useful life as per Generation License Modification-X (dated February 19, 2021), except for BQPS-III, for which it is calculated from the COD.

5	BYCO		Purchase of furnace oil & lubricants	1,181	-	-
6	Hascol Petroleum Limited	Common Directorship	Purchase of furnace oil		1,942	-
7	KEVCL - Subsidiary	Subsidiary Company	Subscription of share capital	182	93	154
	KEVCL - Subsidiary	Subsidiary Company	Payment of statutory filing fee and stamp duty / expenses of incorporation on behalf of KEVCL	4.1	1.5	-
8	K-Solar - Subsidiary	Subsidiary Company	Management fee income	0.6	7.3	4.5
			Salary of deputed staff	1.1	16	23.3
			Purchase of goods	-	4	-
			Payment of statutory filing fee on behalf of K-Solar	7.3	0.002	-
9	Key Management Personnel	Employees	Managerial Remuneration	509	654	724
			Other allowances and benefits	156	238	228
			Retirement benefits	11	56	112
			Leave encashment	2	3	5
10	Provident fund		Contribution to provident fund	1,128	1,168	1,232
11	Gratuity fund		Contribution to gratuity fund	1,533	207	1,174

As of FY23, the outstanding payables to related parties is disclosed in note 26.1 of the unconsolidated financials statements of FY23 and reproduced below:

Related Party Payables as of June 30, 2023	
Related Party	PKR in Millions
Central Power Purchasing Agency (Guarantee) Limited (CPPA)	191,441
Pakistan State Oil Company Limited	5,266
Sui Southern Gas Company Limited	44,749
Pakistan LNG Limited	5,217
Total	246,673

3.10 INDUSTRY OVERVIEW AND SECTOR ANALYSIS

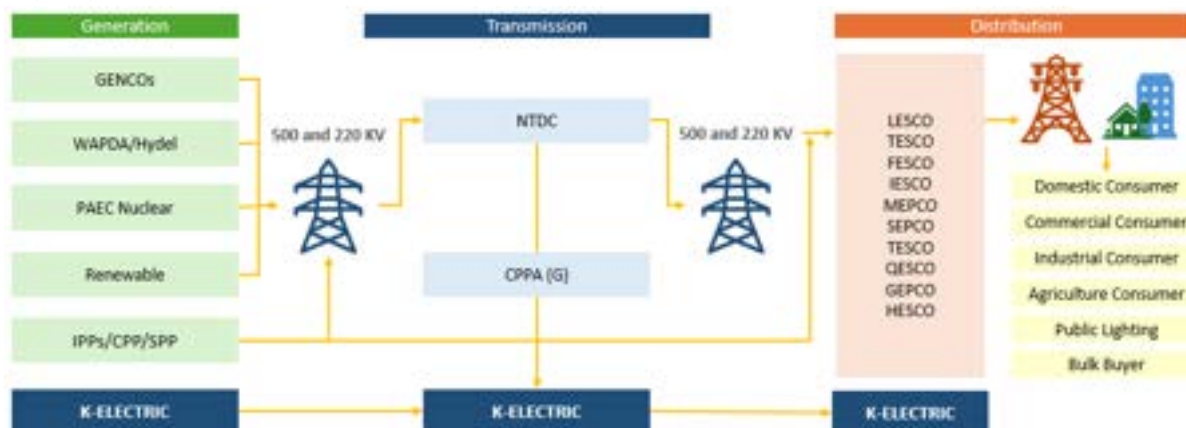
Pakistan's power sector was historically served by two power entities namely the Pakistan Water and Power Development Authority ("WAPDA") serving most of the country, and KEL serving Karachi and its adjoining areas. In 1997, the government adopted unbundling policies and enacted the NEPRA Act (1997) and WAPDA Act (1998).

As a part of the unbundling process, WAPDA was successfully unbundled into fourteen separate entities – four generation companies ("GENCOs"), ten distribution companies ("XWDISCOs") and the National Transmission

and Despatch Company (“**NTDC**”). While KE and XWDISCOs continue to hold regional monopolies – being the exclusive distributors in their service territories, the generation segment has managed to diversify its players to include both public and private sector entities.

The main aim of above initiatives was to promote efficiency and improve financial, operational and management competitiveness in all tiers of WAPDA to eventually offer affordable electricity to customers, however, due to lack of investments and private sector participation, T&D segment continues to face a number of operational challenges.

Key Players of Power Sector in Pakistan



- **WAPDA**

WAPDA was established in 1958 as a semi-autonomous body for the purpose of coordinating and giving a unified direction to the development of schemes in water and power sectors, which were previously being dealt with, by the respective electricity and irrigation department of the provinces.

In October 2007, WAPDA was further bifurcated into two distinct entities i.e., WAPDA and Pakistan Electric Power Company (“**PEPCO**”), with WAPDA being solely responsible for development of hydel power and water sector Projects.

The Power Wing is responsible for the operation and maintenance of the Hydel Power Stations, electricity produced from which is delivered to NTDC grid system and invoices are raised to CPPA-G according to the Tariff approved by NEPRA.

Presently, WAPDA is operating ~22 Hydel Power Plants with an installed capacity of ~9,389 MW (~20.31% of the total system capacity) The Net Electrical Output stands at ~35,000 GWh/annum.

- **NEPRA**

National Electric Power Regulatory Authority (“**NEPRA**”) was established under the NEPRA Act 1997, as the regulatory body of the electricity sector. NEPRA is responsible for issuing licenses for generation, transmission and distribution of electric power, establishing and enforcing standards to ensure quality and safety of operation and supply of electric power to consumers, approving investment and power acquisition programs of the utility companies and determining tariffs for generation, transmission and distribution of electric power.

In accordance with NEPRA Tariff Standard & Procedure Rules, 1998, NEPRA is responsible for determining the tariffs for all generation, transmission and distribution companies of the Sector.

Tariffs are structured to recover costs charged by GENCOs, energy charges, and DISCOs' margin to cover operation and maintenance (O&M) and administrative costs, depreciation, and rate of return.

- **Generation Companies**

The generation segment comprises of WAPDA (hydel power), four public sector GENCOs, Pakistan Atomic Energy Commission (“**PAEC**”) operated nuclear plants and several Independent Power Producers (“**IPPs**”). These IPPs operate under the jurisdiction of Private Power and Infrastructure Board (“**PPIB**”) and Alternative Energy Development Board (“**AEDB**”) (in case of renewable power plants).

- **NTDC**

National Transmission & Dispatch Company (“**NTDC**”) was incorporated on 6th November 1998 and commenced commercial operation on 24th December 1998. It was organized to take over all the properties, rights and assets obligations and liabilities of 220 KV and 500KV Grid Stations and Transmission Lines/Network owned by Pakistan Water and Power Development Authority (WAPDA). NTDC operates and maintains nineteen 500 KV and fifty 220 KV Grid Stations, 9,201 km of 500 KV transmission line and 12,136km of 220 KV transmission line in Pakistan as of June 2024.

In 2018, the NEPRA Act was amended to establish a legal framework for developing a competitive electricity market. According to the updated Act, the System Operator (SO) and National Grid Company (NGC) will require separate licenses. By implementing the Competitive Trading Bilateral Contract Market (CTBCM), the SO will operate independently and will be granted a separate license. Meanwhile, the NTDC will be renamed as the National Grid Company (NGC) and will no longer operate as the SO.

On August 24, 2022, NTDC applied for a system operator license, including submitting Grid Code 2023 for approval under Section 23G of the NEPRA Act. The Authority granted NTDC the System Operator License and approved the Grid Code 2023 on March 22, 2023.

- **CPPA-G**

Central Power Purchase Agency (Guarantee) Limited (“**CPPA-G**”) was incorporated under the Companies Ordinance in 1984, under which Federal Government transferred the role of power purchase from NTDC to CPPA-G. Since June 2015, CPPA-G has assumed the business of NTDC pertaining to the market operations and presently, is functioning as a Market Operator in accordance with Rule-5 of the NEPRA Market Operator (Registration, Standards and Procedure) Rules, 2015 (the “**Market Rules**”).

The CPPA-G being the Market Operator is facilitating the power market transition from the current single buyer to competitive market. While changing the market model, the overall strategy is to bring efficiency through competition in generation and retail, while transmission and distribution wire business remains regulated as they are natural monopolies.

- **State-Owned Distribution Companies**

Currently, there are 10 state-owned Distribution companies (“**XWDISCOs**”) having exclusive distribution rights within their service territory as per the distribution license granted by NEPRA.

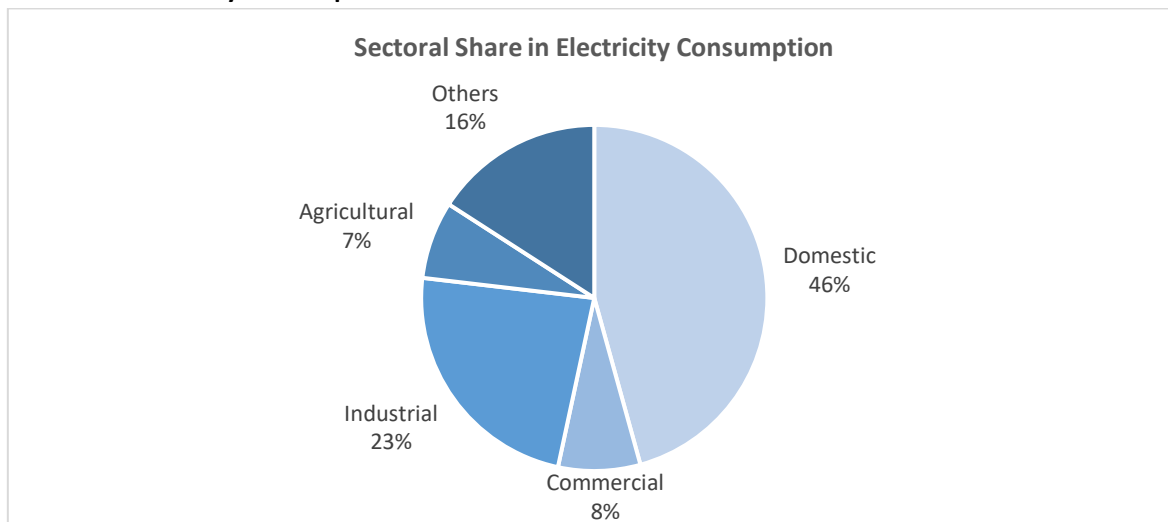
- **K-Electric**

Incorporated in 1913, KEL is the only vertically integrated power utility, having separate licenses for each of its functions – generation, transmission, and distribution. In addition to its own generation fleet comprising of 6 power plants having a total installed capacity of 2,817 MW, KE has arrangements of 1,650+ MW with external power producers, including supply of firm 1,000 MW from the National Grid. To serve

the growing power demand, in line with GOP directives, KEL is also pursuing additional off-take from the National Grid, which with the completion of planned projects for new grids and interconnection points will take the total off-take from the National Grid up to 2,600 MW on pro-rata basis with other DISCOs.

Further, KEL’s transmission system comprises 74 grid stations and 184 power transformers having a transmission capacity of over 7,095 MVAs and supplemented by a network of around 1,398 km of transmission lines. Moreover, K-Electric has a Distribution Network of 2,112 feeders, 31,422 PMTs, distribution capacity of 8,964 MVAs supplemented by 11,298 km of HT lines.

Sector-wise Electricity Consumption in Pakistan

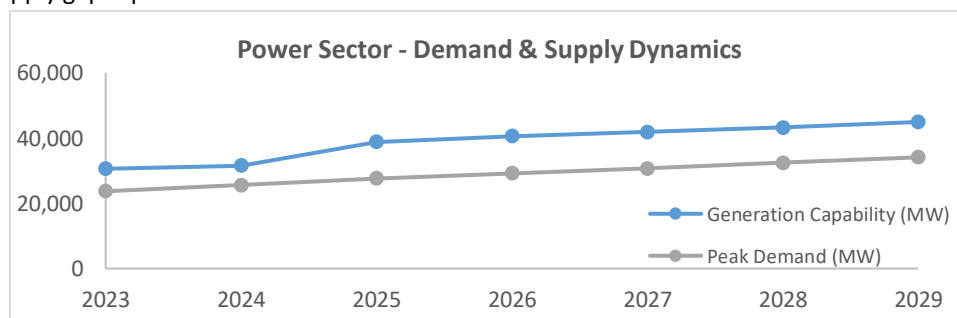


Sector Challenges

Recently, the power sector has seen major developments as the Government has given high priority to this sector. However, despite capacity additions of over 11,000 MW in the last five (6) years, overall energy planning remained fragmented across the energy value chain. Accordingly, even with significant additions in the generation segment, power supply has remained unreliable, primarily due to:

- Lack of investments resulting in T&D capacity constraints, as a result of which, despite the availability of surplus capacity, the same cannot be served to the end consumers
- High system losses and no improvement in recovery levels, adversely impacting the financial viability and sustainability of the distribution companies

As detailed above, with capacity additions on the generation side, the sector has moved into a surplus scenario, and the power surplus trajectory is expected to continue further. An overview of the historical and projected demand-supply gap is provided below:



Source: NEPRA State of Industry Report, 2024

Circular Debt

It is also one of the prominent challenges that are deterring our market performance. The power sector of Pakistan suffers from circular debt due to its inability to meet targets for loss reduction owing to theft, inefficiencies, and recovery losses. This hinders the ability of the power sector to discharge its obligations towards fuel suppliers and banks; thereby, creating a financial gap which in turn affects the energy and financial sectors.

The five key contributors include, (i) High cost of power generation, (ii) delays in tariff determination, (iii) high transmission and distribution (T&D) losses and poor revenue collection by the DISCOs, (iv) partial (and often delayed) tariff deferential subsidies (TDS) payment by the GoP to the DISCOs and K-Electric (KE), and (v) high financial costs on PHPL borrowing and late-payment penalty charges on CPPA-G payables. As of June 30, 2024, circular debt of the power sector has surged to Rs. 2,393.37 billion, reflecting an increase of Rs. 83.37 billion from Rs. 2,309.997 billion at the end of FY 2022-23. This upward trend underscores the growing financial distress within the sector.

Given these challenges, while the sector continues to remain among the top priorities of the government, there is an inherent need for targeted reforms, aimed at attracting private sector investment in the T&D segment. In this regard, KE's turnaround validates the case for privatization of state-owned entities, which would help lower their dependence upon the government, thus making them self-sufficient, both operationally as well as financially.

Circular Debt Management Plan (CDMP)

As of November 2024, the Government has approved the Circular Debt Management Plan for the current fiscal year with the aim to limit the increase in circular debt to PKR 36 Bn for the year. To manage this debt effectively, the government has proposed several measures, including a timely increase in electricity tariffs, efforts to reduce line losses, and targeted subsidies.

The government has also initiated additional reforms to improve input prices, moving towards private sector management of DISCOs through long-term concession from FY24 onwards and renegotiating the terms of remaining power purchase agreements.

IPPs | Amendments to the PPAs

IPPs, falling under pre-1994/2002 and renewable energy 2006 policies, have agreed to renegotiate Power Purchase Agreements (PPAs) with the GoP which has expected to result in significant cost savings over the next two decades of remaining life of these IPPs. 17 IPPs have reached an agreement on a hybrid "take and pay" model after extensive discussions, with the revised agreements expected to save the government up to Rs200-300 billion. Key terms include rebased tariffs, profit-sharing adjustments, and changes to indexation mechanisms.

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3.11 SHARE CAPITAL AND RELATED MATTERS

3.11.1 SHARE CAPITAL

Share Capital		
Number of Shares	Fully Paid-up Ordinary Shares of PKR 3.5 each	Rupees ('000)
14,493,490,368	Issued for Cash	50,727,215
12,988,827,989	Issued for Consideration other than Cash	45,460,898
132,875,889	Issued as Bonus Shares	465,066
	Less: Transaction Cost on Issuance of Shares	(391,628)
27,615,194,246		96,261,551

3.11.2 PATTERN OF SHAREHOLDING

Please refer to Para 3.1.4 of the prospectus.

3.11.3 SHARES ISSUED IN PRECEDING YEARS

Details of shares issued in the history of the Company are as follows:

Shares Issued in Preceding Years					
S No.	Description of Shares Issued	Number of Shares Issued		Par Value (PKR)	Date of Allotment
		Redeemable Preference Shares	Ordinary Shares		
1	Opening Balance as of January 1, 2000	-	482,759,294	10.0	
2	Debt Equity Swap, Issue of Ordinary Shares to GoP	-	1,783,456,000	10.0	17 Feb, 2002
3	Debt Equity Swap, Issue of Ordinary Shares to GoP	-	6,534,077,300	10.0	09 July, 2002
	Paid-up Capital	-	8,800,292,594		
4	Reduction of Par Value of Ordinary Shares from Rs.10 to Rs.3.5 (approved in EGM on 27 May 2002 - date of court order: 11 Oct 2002)	-	-	6.5	
	Paid-up Capital after Reduction of Par Value	-	8,800,292,594	3.5	
5	Debt Equity Swap, Issue of Ordinary Shares to GoP	-	4,366,782,389	3.5	31 Jan, 2005
6	Redeemable Preference Shares (RPS)	1,714,285,713	-	3.5	
	First Allotment	849,613,330		3.5	6 Oct, 2006
	Second Allotment	332,417,064		3.5	12 Apr, 2007
	Third Allotment	109,914,597		3.5	27 Apr, 2007
	Fourth Allotment	422,340,722-		3.5	6 Oct, 2007
7	First Right Issue (31%)	-	4,081,714,286	3.5	24 Oct, 2009
8	Second Right Issue (14.5%)	-	2,501,074,444	3.5	15 Mar, 2010
9	Third Right Issue (7.8%)	-	1,540,489,370	3.5	1 Jan, 2011

Shares Issued in Preceding Years					
S No.	Description of Shares Issued	Number of Shares Issued		Par Value (PKR)	Date of Allotment
		Redeemable Preference Shares	Ordinary Shares		
10	Forth Right Issue (7.25%)	-	1,543,550,599	3.5	3 Jan, 2012
11	Fifth Right Issue (9.20%)	-	2,100,719,138	3.5	25 June, 2012
12	Conversion of RPS into Ordinary (@ 3:4 ratio)	(1,714,285,713)	1,285,714,284	3.5	24 Dec, 2012
13	Allotment to IFC & ADB	-	1,394,857,142	3.5	20 Dec, 2012
		-	27,615,194,246	3.5	

3.11.4 BONUS SHARES, RIGHT SHARES AND NON-CASH SHARES ISSUED DURING THE PRECEDING YEARS

Details of shares issued in the preceding years is given in part 3.11.3.



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3.11.5 UNDERTAKING FOR UTILISATION OF PROCEEDS

Chief Executive Officer of K-Electric Limited has undertaken that IPO proceeds shall be utilized as per the purpose disclosed in this prospectus.

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حکومت سندھ

NBP-0055-2501210006357267 GoS-KHi-F647F384D0E2D804

Non-Judicial **Rs 1,000/-**

Description	: Agreement or Memorandum of an Agreement - 30000
Seller	: CARE OF ADV MUHAMMAD ISHTIAQ ILLANI [45504-9394135-7]
Purchaser	: CARE OF ADV MUHAMMAD ISHTIAQ ILLANI [45504-9394135-7]
Applicant	: CARE OF ADV MUHAMMAD ISHTIAQ ILLANI [45504-9394135-7]
Stamp Duty Paid by	: CARE OF ADV MUHAMMAD ISHTIAQ ILLANI [45504-9394135-7]
Issue Date	: 21-Jan-2025, 11:16:23 AM
Paid Through Challan	: 2921807E7CE705553
Amount in Words	: One Thousand Rupees Only


Please Verify Before This Line

You can verify your e-Stamp paper by scanning the QR code or online at www.eStampS-GoS.Pk using the 'Verification Through Web' option.

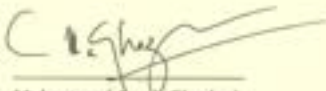
Date: 7 February, 2025

UNDERTAKING


We, the undersigned, being the Chief Executive Officer and Chief Financial Officer of K-Electric Limited (the "Company"), hereby confirm that the IPO proceeds of the Sukuk issue shall be utilized as per the purpose disclosed in the Prospectus.



Syed Moonis Abdullah Alvi
Chief Executive Officer



Muhammad Amir Ghaziani
Chief Financial Officer



PART IV**4 PRINCIPAL PURPOSE OF THE ISSUE AND FUNDING ARRANGEMENTS**

4.1 PRINCIPAL PURPOSE OF THE ISSUE AND UTILIZATION OF PROCEEDS

The primary purpose of utilization of the Sukuk Issue proceeds is to fund routine working capital requirements of the Company that primarily arise due to timing differences between outflows and the requisite inflows. Working capital requirements include fuel payments and power purchases which will be partially funded by the proceeds from this financial instrument.

In case KE fails to raise PKR 2,000 Mn through the IPO during the time stipulated for Public Subscription, the Sukuk Issue shall be considered successful if the minimum amount raised through the IPO is PKR 1,000 Mn. The Sukuk Issue shall thus be considered closed at the IPO portion raised plus the Pre-IPO portion of PKR 1,000 Mn which is already raised by the Company. The Sukuk Issue and IPO shall be considered successful on the premise that, since the proceeds are to be used to fund routine working capital requirements, the Company has alternative working capital lines available from the banks to fund the gap arising from reduced IPO portion subscription.

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PART V

5 THE ISSUE

5.1 STRUCTURE OF THE ISSUE

Sukuk Issue

The total Sukuk Issue is up to PKR 3,000 Mn (inclusive of a green shoe option of up to PKR 1,000 Mn). The Sukuk Certificates will be offered in denominations of PKR 10,000/- or multiples of PKR 10,000/-, with a minimum investment requirement of PKR 50,000/- (i.e. for 5 Sukuk Certificates).

Profit Rate and Payment

The Sukuk Issue has a profit rate of 0.20% over 3 -month KIBOR. Profit will be payable monthly through two possible modes of profit payments:

- i. Monetary payment, via bank transfer etc.; or
- ii. Adjustment in a customer's K-Electric utility bill.

Only those investors whose K-Electric bills fall in the below two consumer and tariff categories will be eligible for adjustment in their bills.

Consumer Category	Tariff
General Supply Tariff – Residential	A1-R
General Supply Tariff – Commercial	A2-C

If the investors choose for profit adjustment in their bills, it is not necessary for the K-Electric bill to be issued in the name of the investor subscribing to the Sukuk Certificates. Issuer shall only refer to the KE Consumer No. provided by the applicant and shall not be liable to verify the same. Applicable taxes shall also be deducted including withholding taxes on the tax status of the Sukuk's investor and not the person or entity under whose CNIC or name the KE Consumer bill is under.

The first such profit payment will fall due one month from the Issue Date and subsequently every month thereafter.

The Base Rate will be set for the first time on the Base Rate Setting Date and reset subsequently on each Base Rate Revision Date (every quarterly period). Provisional Profit will be payable to each Certificate Holder from the date when such Certificate Holders have applied, subscribed, and made payment for subscription of relevant Sukuk Certificates.

As per the Shariah structure of the Sukuk Issue (Musharaka Shirkat-ul-Aqd), there are 2 tiers of profit due to investors. Tier 1 and Tier 2 are the two different tiers of profit due.

Tier 1 Profit:

Provisional profit for the Sukuk Issue will be paid on a monthly basis, with the first profit payment due and payable at the end of the first (1st) month from the Issue Date, and subsequently every month thereafter. Profit will be calculated on the basis of an applicable Profit Benchmark by taking the actual number of days in a year (365 days or 366 days in case of a leap year) on the outstanding balance of the Sukuk Amount.

There are two types of profit payment methods available to eligible investors, as follows:

- A. Monetary payment** in the bank account as per CDC's profit register, i.e. the customary method.
- Following the book closure date (3 days prior to the profit due date) for each month, the Registrar will prepare a payment register and share it with the Issue Agent & Issuer.
 - K-Electric will then deposit the profits in the investor's respective account on the due date and share the proof of monetary payment with the Issue Agent.

B. Adjustment in the K-Electric electricity bills

- At the book closure date, the Registrar will make the payment register and share it with the Issue Agent & Issuer.
- Adjustments shall be made in the bill being generated immediately after the profit due date against the investor's provided KE consumer number at the time of subscription.
- As soon as the file is updated in KE's internal system (KE portal for Retail Sukuk and SAP for bill posting), the below-provided SMS will be sent to these specific consumers on their registered numbers informing them regarding profit adjustment.

"Dear Retail Sukuk investor. Your Net Profit amounting to PKR XXX has been adjusted against your KE consumer number 04000**33 as per your chosen profit payment option. The same amount will be reflected in your electricity bill."***

- The Issuer will then credit the profit amounts in the monthly bill for the investor (marked by the consumer number) & share proof of adjustment with the Issue Agent.
- A detailed confirmation letter will also be couriered to the investor's registered address by the registrar confirming the gross & net profit along with the Zakat deducted.

Under Option B of the profit payment mechanism, if the monthly profit due is greater than the corresponding K-Electric bill amount, the excess profit will be transferred into the designated bank account against the KE consumer number by following the process described.

To receive the excess profit amount through monetary payment, the below-provided procedure is to be followed:

- The investor has to raise a request via email to retail.sukuk@ke.com.pk with the following subject: "Request to Release Retail Sukuk Credit Profit Balance". The IBAN number corresponding to their KE consumer number (as per the CDC database) along with a scan of the CNIC is to be shared as well.
- The KE Treasury team will be reviewing the case and then transferring the excess funds into the investor's respective bank account
- Subject to all requisite documentation being provided to the Issuer's reasonable satisfaction and the claim being successfully verified by the Issuer, the Investor shall receive the excess profit within 25 (twenty-five) days from their email request

Tier 2 Profit:

The Tier 2 profit amount refers to any profit due above the profit ceiling. To provide ease to the Issuer for payment of the nominal amounts of Tier 2 profit, under the Sukuk Transaction Documents, the Investors will allow the Issue Agent to receive the total Tier 2 profit and to make the same as charity to charitable institution(s) as approved by the Shariah Advisors.

Broken Period Profit

The Sukuk Issue structure accounts for a broken-period markup, which is defined as the time period beginning from the date of subscription of each individual subscriber and ending on the day immediately preceding the

Issue Date. During the subscription period (pre-IPO & IPO), funds would be made available to KE immediately and investors who have been successfully allotted Sukuk Certificates would be eligible for-profit payments from the date of their subscription. Before the Issue Date, in relation to the Pre-IPO placement, the Base Rate would be set on the first disbursement date. For the subscription under the IPO, the Base Rate will be set one day prior to commencement of the subscription period. Broken period profit shall be paid in monetary form to the investors. Profit adjustment in the bill shall take place from the Issue Date for whomever it is applicable.

For any IPO investor whose application for subscription to the Sukuk Certificates is unsuccessful, the Issuer shall only make a broken period profit payment to such IPO investor from the date of receipt by the Issuer of the subscription proceeds from such IPO investor till the last subscription date (as part of the IPO) or the date of closure of the subscription period under the IPO, whichever is earlier. Any such broken period profit shall be paid by the Issuer, through the customary method, within 10 (ten) business days of the closure of the public subscription period under the IPO along with a refund of the subscription proceeds received from any such IPO investor. Those whose applications are rejected under Section 14, part 14.11.4 shall not be eligible for broken period profit.

For further details on the broken period profit mechanism, please refer to Clause 4.2 and 4.3 of the Sukuk Subscription and Issue Agency Agreement uploaded on the Issuer's website.

5.2 PRE-IPO INVESTORS

PKR 1,000 Mn has been raised from Pre-IPO investors. List of Pre-IPO investors with their participation amount is as follows:

Pre-IPO Investors			
S. No.	Investors	PKR	% Allocation of Total Issue
1	CDC -Trustee Meezan Daily Income Fund – Meezan Munafa Plan 1	291,810,000	29.18%
2	BPS Group Companies Employees Provident Fund	150,000,000	15.00%
3	K-Electric Employees Gratuity Fund	125,000,000	12.50%
4	Y.B. Pakistan Limited	100,000,000	10.00%
5	Pak Qatar Income Plan	50,060,000	5.01%
6	K-Electric Provident Fund	50,000,000	5.00%
7	AWT Islamic Income Fund	48,630,000	4.86%
8	CDC-Trustee AKD Aggressive Income Fund	32,420,000	3.24%
9	Pak Qatar Asset Allocation Plan IIA	31,000,000	3.10%
10	786 Smart Fund	21,080,000	2.11%
11	JDW Sugar Mills Ltd Employees Provident Fund	20,000,000	2.00%
12	Natasha Iqbal	20,000,000	2.00%
13	Khursheed Bano Iqbal	20,000,000	2.00%
14	Saad Iqbal	20,000,000	2.00%
15	The Hub Power Company Limited Staff Gratuity Fund	10,000,000	1.00%
16	Danish Iqbal	10,000,000	1.00%
	Total	1,000,000,000	100.00%

5.3 MODE OF PAYMENT

The Issuer shall ensure that the Issuer or its appointed Registrar will, at all times maintain a correct Register of Certificate Holders showing their names and addresses, the amount of Sukuk Certificates held by each, and the date on which such Certificate Holder was registered as the holder and the date on which he/she ceased to be so registered, whether they are KE consumers or not, the chosen profit payment mechanism and the KE consumer numbers.

Tier 1 Profit payment:**Provisional Profit Payment:****A. Monetary payment**

The payment of profit shall be credited to Certificate Holders' bank accounts for those investors who have not opted for or are not eligible for bill adjustment, electronically on a monthly basis as recorded in the Register of Certificate Holders maintained by the Registrar (appointed by KE). The Registrar will, at all times maintain a correct Register of Certificate Holders showing their respective details names and addresses, the amount of Sukuk Certificates held by each, and the date on which such Certificate Holder was registered as the holder and the date on which he/she ceased to be so registered, whether they are KE consumers or not, the chosen profit payment mechanism and the KE consumer numbers, which is fetched from the data of their respective CDS Accounts maintained/available with their participants.

B. Adjustment in the electricity bills

The payment of profit shall be adjusted against their K-Electric bills for those investors who have opted for bill adjustment, on a monthly basis. The adjustment shall be reflected in the K-electric bill belonging to the KE account number provided at the time of subscription. This mechanism is further detailed in Section 5.1 of this Prospectus.

Redemption:

The redemption of the Sukuk Certificates shall be credited to Certificate Holders' bank accounts for all investors, electronically at the end of the Tenor as recorded in the Register of Certificate Holders maintained by the Registrar.

5.4 SALIENT FEATURES OF THE ISSUE

Issuer	K-Electric Limited ("K-Electric" or "KE")
Issue Type	Unsecured, Rated & Listed Sukuk Issue by way of Musharakah (Shirkat ul Aqd)
Issue Size/Amount	Up to PKR 3,000 million (inclusive of a green shoe option of up to PKR 1,000 million).
Pre-IPO Placement	Allocation of capital to the Pre-IPO investors is PKR 1,000 Mn.
Initial Public Offering (IPO Portion)	Allocation of capital available to the General Public (excluding the Pre-IPO) up to PKR 2,000 Mn.
Purpose	The proceeds of the Issue will be utilized to meet the working capital requirements of Company.
Minimum Investment	The Sukuk will be offered in denominations of PKR 10,000/- or multiples thereof to the investors subject to a minimum Investment amount of PKR 50,000/-.
Issue Date	<p>The issue date means:</p> <ul style="list-style-type: none"> the last subscription date or the date of closure of subscription period under the IPO, whichever is earlier, if such date falls between the 3rd and 5th days of the calendar month, with the same being a business day;

	<ul style="list-style-type: none"> If the last subscription date or the date of closure of subscription period under the IPO, whichever is earlier, does not fall between the 3rd and 5th days of the calendar month, then, the issue date shall be the first business day falling between the 3rd and 5th date of the subsequent calendar month. 						
Tenor	Up to 12 months from the Issue Date.						
Sukuk Redemption	Sukuk will be redeemed in bullet at the expiry of Tenor.						
Denomination of Sukuk Certificate	PKR 10,000/-						
Profit Rate	3-months KIBOR plus 20 bps, subject to a floor of 2% and a cap of 25% to comply with Shariah principles						
Profit Payment Mode	<p>Profit to paid by Issuer in either one of the two following modes as selected by the respective Investor:</p> <ol style="list-style-type: none"> Mode 1: Monetary payment in the bank account as per CDC's profit register, i.e. the customary method. Mode 2: Adjustment in the electricity bills issued by K-Electric against the investor's provided KE account number at the time of subscription. <p>Note: Mode 2 shall not be available to any investor who purchases the Sukuk subsequently. Those who purchase subsequently shall only have mode 1 of profit payment.</p> <p>Mode 2 Eligibility: Only those KE consumers who fall under the below categories shall be eligible for Mode 2:</p> <table border="1" data-bbox="651 1216 1353 1330"> <thead> <tr> <th>Consumer Category</th> <th>Tariff</th> </tr> </thead> <tbody> <tr> <td>General Supply Tariff – Residential</td> <td>A1-R</td> </tr> <tr> <td>General Supply Tariff – Commercial</td> <td>A2-C</td> </tr> </tbody> </table> <p>Provisional profit shall be calculated on a monthly basis from the Issue Date.</p> <p>For the Investors opting for monetary payment, the Provisional Profit shall be credited to accounts on the due date.</p> <p>Mode 2 mechanism will be as follows:</p> <p>For the electricity bill adjustment option, Issuer shall net off the bill being generated in the respective month by the profit (after tax) amount.</p> <p>For abundant clarity: KE's bills are generated between 6th to last date of each respective calendar month. Issue Date shall be fixed between 3rd to 5th date of a calendar month. Profit due dates shall be set between 3rd to 5th date of each calendar month Hence for bill adjustment option the consumer will get adjustment of profit in the bill being generated immediately after the profit due date.</p>	Consumer Category	Tariff	General Supply Tariff – Residential	A1-R	General Supply Tariff – Commercial	A2-C
Consumer Category	Tariff						
General Supply Tariff – Residential	A1-R						
General Supply Tariff – Commercial	A2-C						

	<p>In case the profit being adjusted is greater than the bill amount then the remaining profit shall be credited to the Investor's bank account if the investor generates a request for the transfer of the excess amount via email.</p> <p>Each Sukuk Investor by signing the application form agrees that the KE consumer account number provided by the Sukuk Investor will be treated as profit adjustment entitlement for the Sukuk Investors.</p>
Profit Payment Frequency	Provisional profit will be paid via bank transfer or adjusted in the electricity bill monthly. The first profit payment will fall due and become payable at the end of the first (1 st) month from the Issue Date, and subsequently every month thereafter.
Listing	Pakistan Stock Exchange Limited
Entity Rating	<p>Long-Term Rating: AA (Double-A)</p> <p>Short-Term Rating: A1+ (A one plus)</p> <p>Rating by PACRA</p>
Instrument Rating	Long term 'AA' and short-term 'A1+' by PACRA
Registered Office of the Issuer	KE House, 39-B, Sunset Boulevard, Phase-II, Defence Housing Authority, Karachi
Exclusive Mandated Lead Advisor & Arranger	Habib Bank Limited ("HBL")
Consultant to the Issue	HBL
Shariah Structuring Bank	Habib Bank Limited – Islamic Banking
Shariah Advisors to the Issue	<p>Shariah Advisor I – HBL Islamic Banking Shariah Board: Mufti Muhammad Yahya Asim Dr. Ejaz Ahmed Samadani Dr. Zubair Usmani</p> <p>Shariah Advisor II - ASAS Shariah Advisory Services (Pvt.) Limited: Mufti Syed Zahid Siraj Mufti Waseem Akhtar Mufti Muhammad Nadeem Siddiquie</p> <p>Shariah Advisor III: Mufti Ali Asghar</p>
Transaction Legal Counsel	Mohsin Tayebaly & Co.
Investment Agent / Issue Agent	Habib Bank Limited
Market Maker to the Issue	Not required
Transferability	The Sukuk Certificates will be inducted into the CDC; transfer shall be made in accordance with the Central Depository Act, 1997 and CDC Regulations.
Governing Law	The Sukuk Issue shall be subject to the laws of Islamic Republic of Pakistan and non-exclusive jurisdiction of the Pakistan Courts.

5.5 OUTSTANDING DEBT SECURITIES ISSUED IN PRECEDING YEARS

Outstanding Securities								
Sr. No	Description of Issue	Date of Issue	Issue Size (PKR Mn)	Amount Redeemed (PKR Mn)	Amount Outstanding (PKR Mn)	Profit Paid (PKR Mn)	Tenor	Credit Rating
1	Sukuk 5 (KELSC5)	03-08-20	25,000	10,000	13,750	14,798	7 Years	AA+
2	Sukuk 6 (KELSC6)	23-11-22	6,700	Nil	6,700	2,955	7 Years	AA+
3	Short-Term Sukuk (STS-28)	05-08-24	7,000	Instrument is redeemed at respective maturity dates in bullet payment(s)	7,000	-	Six Months	A1+ (A One plus) by PACRA
4	Short-Term Sukuk (STS-29)	23-08-24	6,000		6,000		Six Months	A1+ (A One plus) by PACRA

5.6 REDEMPTION SCHEDULE

The tentative Redemption schedule for a Sukuk Certificate of an aggregate face value of PKR 10,000/- based on 3M KIBOR (assumed as 12.10 % as at 2nd May 2025) plus 20 bps per annum for Sukuk Issue, is set out in the table below: (only for calculation purpose):

Redemption Schedule				
Months	Redemption Amount	Provisional Profit	Total Payment	Musharakah Investment Outstanding
0				10,000
1	-	102.50	102.50	10,000
2	-	102.50	102.50	10,000
3	-	102.50	102.50	10,000
4	-	102.50	102.50	10,000
5	-	102.50	102.50	10,000
6	-	102.50	102.50	10,000
7	-	102.50	102.50	10,000
8	-	102.50	102.50	10,000
9	-	102.50	102.50	10,000
10	-	102.50	102.50	10,000
11	-	102.50	102.50	10,000
12	10,000	102.50	10,102.50	-
Total	10,000	1,230.00	11,230.00	

Notes:

- KIBOR has been assumed as 12.10 % as of 2nd May 2025 .
- The above schedule does not include Zakat and Withholding Tax and will be applied as per the relevant ordinance, if the investors are not exempted.

5.7 REDEMPTION RESERVE

There shall be no redemption reserve created for this Sukuk.

5.8 DEDUCTION OF ZAKAT

Zakat is deductible in case of the Sukuk Certificates being held by Muslim citizens of Pakistan, except where a statutory declaration of exemption is filed, and in case of certain non-corporate entities such as Trust Funds, etc., (subject to being qualified for non-deduction of Zakat under the Zakat and Ushr Ordinance, 1980). Zakat is withheld at 2.5% of the redeemed principal amount.

5.9 INCOME TAX

Any income derived from investment in Sukuk Certificates shall be subject to income tax as per the Income Tax Ordinance, 2001. Withholding tax, as specified in Part III Division IB of the First Schedule of the said ordinance shall be applicable.

For investors opting for Mode 2 for profit payment, withholding tax will be deducted as per the tax rate applicable for the investor. The tax rate applicable for the KE account number shall not be considered. Company, Investment Agent, Issue Agent, and Registrar shall not be liable for any discrepancies or differences, if any, arise from the KE account number holder and the investor being different persons. In this regard, the Pre-IPO and IPO investors shall provide an appropriate indemnity in accordance with Clause 8.2 and 8.3 of the Sukuk Subscription and Issue Agency Agreement uploaded on the Issuer's website.

5.10 DEDUCTION OF WITHHOLDING TAX

Profit paid to Certificate Holders will be subject to withholding tax under the Income Tax Ordinance, 2001 specified in Part III Division IB of the First Schedule of the said Ordinance or any time-to-time amendments therein. Rates of tax specified under Part III Division IB are as follows:

Withholding Tax		
Category	Tax Rate for Persons appearing in Active Tax payer List	Tax Rate for Persons not appearing in Active Tax payer List
Individual or Association of Persons (if the return on investment is less than one million)	10%	20%
Individual or Association of Persons (if the return on investment is more than one million)	12.50%	25%
Company	25%	50%

For investors opting for Mode 2 for profit payment, withholding tax will be deducted as per the tax rate applicable for the investor. The tax rate applicable for the KE Consumer number **shall not be** considered. Company, Investment Agent, Issue Agent, and Registrar shall not be liable for any discrepancies or differences, if any, arise from the KE account number holder and the investor being different persons. In this regard, the Pre-IPO and IPO investors shall provide an appropriate indemnity in accordance with Clause 8.2 and 8.3 of the Sukuk Subscription and Issue Agency Agreement uploaded onto the Issuer's website.

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5.11 CAPITAL GAIN

Any capital gain derived from the sale of the Sukuk Certificates shall be subject to capital gain tax as per section 37A of the Income Tax Ordinance, 2001. Applicable capital gain tax rates for FY 2025 are as follows:

Capital Gains Tax			
Sr No.	Details	Applicable rate of tax (on Sukuk acquired after 01 July 2024)	
1.	For person appearing in Active Taxpayers' List	15%	
2.	For person not appearing in Active Taxpayers' List	Individuals and Association of Persons	Division I, Part I, of First Schedule to the Income Tax Ordinance, 2001
		Companies	Division II, Part I, of First Schedule to the Income Tax Ordinance, 2001
Provided in case of individuals and association of persons it should not be less than 15%.			

5.12 MARKET MAKING

There shall be no market maker appointed for this Sukuk Issue.

5.13 INTEREST OF PRE-IPO INVESTORS

The Pre-IPO Investors only have interest in this Sukuk Issue as Investors / Certificate Holders.

5.14 DISCLOSURE OF DEFERRED TAXATION

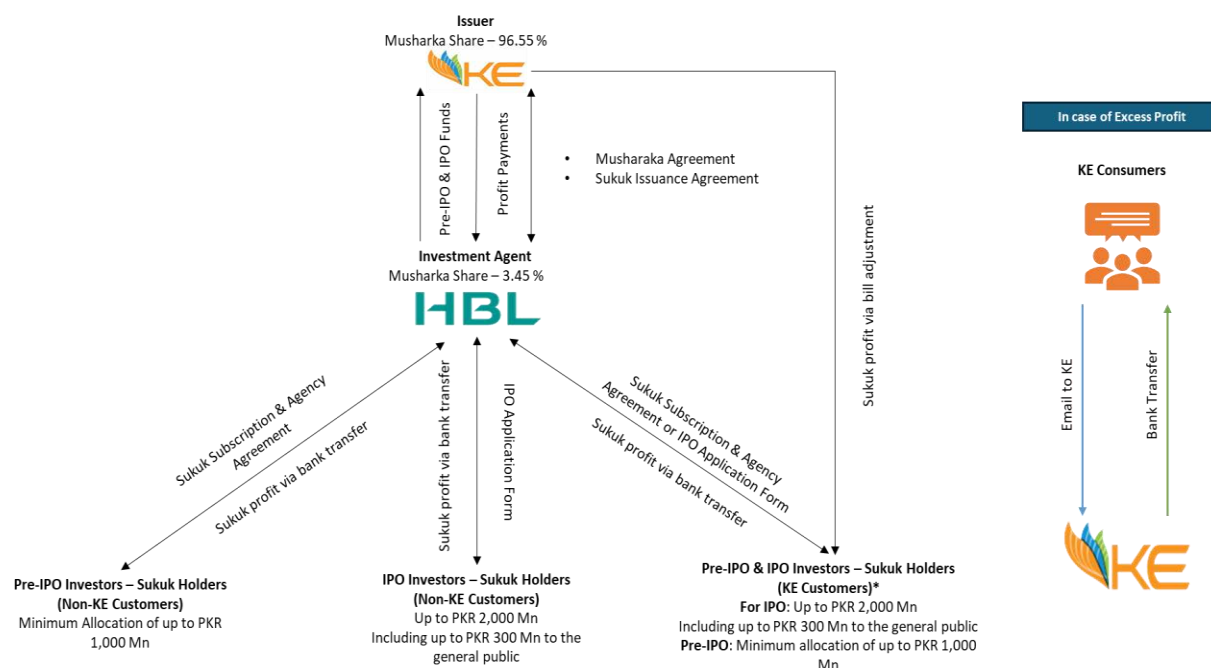
Deferred tax is recognized using the balance sheet method, providing for all taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is based on the expected manner of realization or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

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

As at June 30, 2023, KE has aggregated deferred tax debits amounting to PKR 258,575 million (2022: PKR 196,830 million) out of which deferred tax assets amounting to PKR 95,805 million (2022: PKR 67,332 million) has been recognized and remaining balance of PKR 162,770 million (2022: PKR 129,498 million) remains unrecognized. As at year-end, KE's carried forward tax losses amounted to PKR 788,370 million (2022: PKR 575,138 million), out of which business losses amounting PKR 456,142 million (2022: PKR 314,702 million) have expiry period till financial year 2029.

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5.15 STRUCTURE OF THE ISSUE



*KE Residential & Commercial Customers that opt for the bill adjustment. All non-KE customers as well as those KE Customers that do not opt for bill adjustment will be paid profit via bank transfer.

Transaction Structure:

Under this arrangement, Investors will invest in Sukuk Issuer's business by executing a Musharaka Agreement for distribution of electricity to its customers/consumers (including industrial, commercial, agricultural, and residential areas, etc.), during the Musharaka tenure, in specified Integrated Business Centers ("IBCs"). The business profit/loss will be calculated after deducting the direct costs from the revenue received from the specified IBCs such as generation and use of system charges related to transmission network. This business profit will belong to the Sukuk Issuer and the Investors and will be distributed as per the Profit-Sharing Ratio as per attached 'Schedule 3 of the Musharaka Agreement. The Musharaka Contribution by the Sukuk Investors will be invested in the specified IBCs.

Notes:

- Profit & loss statement as per Schedule 3, along with Distribution Network Assets of and receivable position of specified IBCs, will be prepared by Sukuk Issuer for the Musharaka period. The profit & loss statement for the Musharaka period will be prepared within thirty (30) working days after the month end of the Sukuk maturity of the relevant Sukuk on the basis of the details prepared by Sukuk Issuer to determine the profit / loss of the Musharaka.
- With respect to the late payment surcharge (LPS), share of investors related to late payment surcharge will be distributed as Sadqae Wajiba by the Issuer in a Shariah compliant manner.
- On the maturity date, Investors will redeem their business investments. Adjustment (if any for Tier 2 profit entitlement to the investors) will be made after accounting for actual profit/loss of the twelve months (Musharaka period) as per 'Schedule 3' of the Musharakah agreement which is also attached herewith for reference in the underlying Musharakah. Musharaka profit will be calculated at the end of the Tenor or the Musharakah Dissolution Date on the basis of the Statement of Musharaka Income as per the prescribed format hereto within thirty (30) working days after the month end of the Sukuk

maturity of the relevant Sukuk on the basis of the details provided by Sukuk Issuer to determine the profit / loss of the Musharaka.

Process Flow and Documentation:

1. Sukuk Issuance Agreement

The Issuer will agree to the appointment of HBL as an Investment agent to perform the following:

- a) Sukuk Issuer will agree to issue, as Issuer, Sukuk certificates under Section 66 of the Companies Act, 2017 permissible under the Memorandum and Articles of Association of Sukuk Issuer, for an amount of up to PKR 3,000,000,000 (inclusive of a green shoe option of up to PKR 1,000,000,000) to Investors as Sukuk Investors.
- b) Sukuk Issuer will also be responsible for the distribution/adjustment of profit payments and the Musharakah Dissolution Amount (Facility Redemption Amount) upon Musharakah Redemption or Musharakah Dissolution among the Sukuk Investors in accordance with the terms of the Issuance Agreement.
- c) HBL will act as an Investment Agent to protect the interest of the Sukuk Investors and hold the benefits of the covenants and obligations of the issuer under the transaction documents for the benefit of the Sukuk Investors.

Note: Sukuk Issuer will appoint HBL as Investment Agent in the capacity of fadhooli, which will be later on validated by the Investors.

2. Sukuk Subscription and Issue Agency Agreement – for Pre-IPO Investors

Sukuk Investors will enter into a Sukuk Subscription & Issue Agency Agreement to appoint Habib Bank Limited (“HBL”) as their Issue Agent. Investors will authorize the Issue Agent to do all acts necessary for the purposes of Investment in the Musharaka and for safeguarding the interest of the Investors in respect of their investments including but not limited to the following:

- a) To secure the commitments of the Investors.
- b) To enter into the Musharaka and all relevant facility documents on behalf of the Investors.
- c) To deal with Sukuk issuer for the calculation of provisional profit under Tier 1 and Tier 2 profit.
- d) To make the charity payment for the Tier 2 profit on behalf of Investors, to charitable institution(s) approved by Shariah Advisors.
- e) To ensure timely issuance of notices as specified under the legal agreements.

3. Musharaka Agreement

- i. Investment Agent and Sukuk Issuer will enter into the **Musharakah Agreement**, whereby Investors will invest in Sukuk Issuer’s business for distribution of electricity to its customers/consumers (including industrial, commercial, agricultural, and residential areas, etc.), during the Musharakah tenure, in specified Integrated Business Centers (“IBCs”).
- ii. Under this Musharakah Agreement, the Sukuk Issuer when desirous of funds, shall provide the Investment Agent a Musharakah Contribution Notice.
- iii. Musharakah shall begin from the Musharakah Commencement date and end at the Musharakah Dissolution date. On the Musharakah Contribution date, the Investment Agent shall provide funds to Sukuk Issuer for Investment in the Musharakah business as mentioned in point (ii) above. At the time of disbursement, the phases of Pre IPO and IPO for broken period profit needs to be catered.
- iv. The following formula will be used to arrive at the Total Average Musharakah Investment by the Sukuk

Issuer at the end of the Musharakah period:

Value of Distribution Network Assets + Average Receivables of Specified IBCs = **Total Average Musharakah Investment by the Sukuk Issuer**

- v. The Initial Musharakah Investment will be **PKR 72,001,634,877/-** (Pak Rupees Seventy Two Billion One Million Six Hundred Thirty Four Thousand Eight Hundred Seventy Seven Only) which comprises of the Distribution Network Assets of **PKR 4,490,265,007/-**, and average receivables of **PKR 64,511,369,870/-**, based on the latest available unaudited numbers for twelve months period ending October 2024 by Sukuk Issuer, along with total investors contribution of **PKR 3,000,000,000/-** (Pak Rupees Three Billion only, inclusive of a green shoe option of up to **PKR 1,000,000,000/-**).
- vi. The investment ratio for the Investors and Sukuk Issuer will be **4.17%** (amounting up to **PKR 3,000,000,000/-** (Pak Rupees Three Billion only)): **95.83%** (amounting of up to **PKR 69,001,634,877/-** (Pak Rupees Sixty-Nine Billion One Million Six Hundred Thirty Four Thousand Eight Hundred Seventy Seven Only). In case of any reduction in the initial Musharakah Investment by the Sukuk Issuer during the currency of the Musharakah tenor, the Sukuk Issuer will bring additional investment to reinstate the initial investment ratio.
- vii. During the Musharakah tenure, Sukuk Issuer shall ensure maintenance of Distribution Network Assets worth at least 33% of the Sukuk issued. The Sukuk Issuer will be bound to inform the Investment Agent (HBL) if Distribution Network Assets at any period of time during the Sukuk tenure, reduces below 33% value of Sukuk issued.
- viii. On the maturity date, the Investors will redeem their business investments. The adjustment will be made (if necessary) after accounting for actual profit/loss of twelve months (Musharakah Period) (as per 'Schedule 3' of the Musharakah Agreement) in the underlying Musharakah. Musharakah Profit will be calculated at the end of the Tenor or the Musharaka Dissolution Date on the basis of the Statement of Musharaka Income as per the prescribed format hereto within thirty (30) working days after the month end of the Sukuk maturity of the relevant Sukuk on the basis of the details prepared by Sukuk Issuer to determine the profit / loss of the Musharaka.
- ix. The profit will be shared in two tiers. In the 1st tier, the profit will be shared on a pro-rata basis in the total Musharakah Investment up to a profit ceiling which will be calculated as follows:

$$\text{Expected Profit Rate (Base rate +/- Spread) * Total Musharakah Investment * Days of Musharakah Period} / 365^*$$

**366 days in case of a leap year*

Any profit above the ceiling i.e. 2nd Tier will be shared through the following ratio:
Sukuk Issuer (K-Electric): 99.99999% Investors: 0.00001%

However, Profit Sharing Ratio (PSR) above the ceiling may be revised with mutual consent as per mutual agreement between Sukuk Issuer and Investment Agent (HBL).
- x. Provisional profit, being Tier 1 profit will be calculated and paid in accordance with the terms and conditions as mentioned hereinabove.
- xi. Sukuk Issuer shall provide the necessary details (i.e. details about units billed and business revenue from the specified IBCs derived from distribution of electricity as well as direct costs pertaining to generation of electricity and use of system charges stemming from the Transmission network) required for the calculation of the profit/loss of the business.
- xii. If required by the Shariah Advisor, Sukuk Issuer shall arrange a visit to verify and confirm the Distribution Network Assets.

4. Application Form

Sukuk Investors will furnish the duly filled Application form as per the format attached in this prospectus.

5.16 SHARIAH ADVISORS

HBL Islamic Banking's Shariah Board has been appointed by the Company as the "Shariah Advisor I", which shall remain appointed throughout the tenor of the Issue. The Shariah Advisor I comprises of the following Shariah scholars:

1. Dr. Muhammad Zubair Usmani
2. Dr. Ejaz Ahmed Samadani
3. Mufti Muhammad Yahya Asim

ASAS Shariah Advisory Services has also been appointed by the Company as the "Shariah Advisor II", which shall remain appointed throughout the tenor of the Issue. Following Shariah scholars are involved on behalf of Shariah Advisor II for the Issue:

1. Mufti Syed Zahid Siraj
2. Mufti Waseem Akhtar
3. Mufti Muhammad Nadeem Siddiqui

Mufti Ali Asghar has also been appointed by the Company as the "Shariah Advisor III", and who shall remain appointed for throughout the tenor of the Issue.

5.17 PROFILES OF THE SHARIAH ADVISORS

5.17.1 HBL ISLAMIC BANKING SHARIAH BOARD

1. DR. MUFTI MUHAMMAD ZUBAIR USMANI

Dr. Muhammad Zubair Usmani is Chairman HBL Shariah Board. He is a qualified and one of the most experienced Shariah Scholars in the Islamic Banking Industry. He did his Shariah graduation (Fazil Dars-e-Nizami) & Takhassus Fil Fiqh (Mufti i.e. Specialization in Islamic Fiqh & Fatawa) from Jamia Dar ul Uloom, Karachi. He has done Masters in International Relations and Doctorate (PhD) in Islamic Finance from University of Karachi. Dr. Zubair Usmani is author of several books including related to Accounting & Auditing for Islamic Financial system, comparative study between Islam and Christianity and Ijarah (Islamic Leasing). His research papers have been published in various international journals. He has delivered research-based lectures/presentations at different national and international seminars, forums and conferences. Dr. Usmani served as Shariah Advisor to MCB Islamic Banking for 14 years and has been associated with several financial institutions and has also served as a member of Shariah Board of State Bank of Pakistan. Currently he is also associated with UBL Ameen Islamic banking and Habib Metro Al Sirat Islamic banking as Chairman Shariah Board, MCB Arif Habib Savings as member Shariah Board, IGI Life Takaful as Shariah Advisor and several other institutions.

2. DR. MUFTI EJAZ AHMAD SAMADANI

Dr. Ejaz Ahmed Samadani is Member Shariah Board of HBL. He is an eminent Shariah scholar and has sound experience of Islamic Banking & Finance. Dr. Samadani has a strong academic background in Islamic Studies and Islamic Economics. He completed his religious qualifications such as Takhassus fi Iftaa & Shahdat ul Aalimiyah from Jamia Dar ul Uloom, Karachi. Dr. Samadani has done his Masters of Arts in Islamic Studies and LLB from Bahauddin Zakariya University and Sindh Muslim Government College respectively. Further, he did his Doctorate (PhD) from Karachi University (on the topic of Islamic Banking and Gharar (uncertainty)). He is the faculty member of Centre for Islamic Economics, Vice Chairman of "Takhassus fi Al Dawa" in Jamia Darul Uloom, Chairman Shariah Board Maldives Islamic Bank and Member Shariah Board of various banking and non-banking financial institutions in Pakistan. He has delivered several lectures at local and international forums and has

issued about more than three thousand fatwas on different Islamic topics especially in Islamic finance and family laws. He has written many books on different Shariah matters and his several research papers have been published in various well renowned newspapers and magazines.

3. MUFTI MUHAMMAD YAHYA ASIM

Mufti Muhammad Yahya Asim is a resident Shariah Board Member of HBL Islamic Banking. He has been associated with the field of Islamic studies for over 20 years; he holds a double master's degree in International Relations and Arabic and Islamic Studies respectively. Mr. Asim completed his specialization in Islamic Fiqh and Fatwa (Islamic Jurisprudence) from the well renowned Jamia Dar ul Uloom Karachi (1988-91). This was further reinforced by his specialization as Alimiyyah (Darse Nizami). He is also currently pursuing a PhD. He has delivered several lectures at local and international forums and has issued about more than thousand fatwas on different Islamic topics especially in Islamic Finance and Family Law. He is a faculty member for Islamic Economics at Jamia Dar ul Uloom Karachi and National Institute of Banking and Finance (NIBAF).

5.17.2 ASAS SHARIAH ADVISORY SERVICES

1. MUFTI SYED ZAHID SIRAJ

Mufti Syed Zahid Siraj is a highly skilled Shari'ah Advisor, possessing substantial proficiency in Islamic microfinance, Takaful (Islamic insurance), and Islamic banking. With extensive international exposure as a guest speaker and professional experience in issuing Shari'ah rulings, delivering lectures, and leading prayers, he has emerged as a well-rounded professional. Moreover, as a visiting professor and guest speaker at numerous universities and institutions, he offers Shari'ah training on Islamic banking & finance and Takaful. Along with this, he actively participates in TV talk shows to discuss socio-religious topics.

2. MUFTI WASEEM AKHTAR

Mufti Waseem Akhtar is a seasoned professional in Islamic Studies and Shariah Compliance, possessing a diverse range of qualifications and certifications. With an M. Phil and M.A in Islamic Studies, as well as an LLB, they exhibit a profound understanding of Islamic law and its application in modern finance. Moreover, they hold an Advanced Certificate in AAOIFI Shariah Standards and have completed courses in Policy Framework for IFIs and Shariah Audit & Compliance, indicating their commitment to furthering their expertise. Their specialized knowledge and expertise render them a valuable asset in ensuring Shariah compliance in Islamic finance institutions.

3. MUFTI MUHAMMAD NADEEM SIDDIQUIE

Mufti Muhammad Nadeem Siddique is a distinguished expert in Islamic Banking and Finance, possessing a wealth of knowledge and experience. With an M.Phil., a Master's in Islamic Banking Finance, and a PGD in Islamic Banking & Finance, they exhibit a profound understanding of the field, making them a valuable resource. Additionally, they hold a Certificate in Islamic Banking & Finance and a Shari'ah Audit & Compliance Certificate, indicating their specialized expertise in ensuring Shariah compliance in Islamic finance institutions. Their qualifications and experience render them a valuable asset to any organization in the Islamic finance industry.

5.17.3 MUFTI ALI ASGHAR

Mufti Ali Asghar is a renowned Islamic scholar with extensive expertise in Islamic economics and finance. He serves as a Member of the Central Ruet-e-Hilal Committee Pakistan and the Kanzul-Madaris Shariah Advisory Board. As a registered Shariah Advisor with the SECP, he provides guidance to the Pakistan Mercantile Exchange (PMEX) in its efforts to achieve Shariah compliance.

Mufti Ali Asghar completed his Dars-e-Nizami from Tanzeem-ul-Madaris, followed by an advanced specialization in Islamic jurisprudence. He further augmented his academic profile with a Bachelor of Education (B.Ed.), a Master of Philosophy (M.Phil. Course work) in Islamic Studies, and a Master of Arts (M.A.) in Arabic, reflecting his commitment to both scholarly excellence and intellectual depth.

With over 20 years of experience, Mufti Ali Asghar has led a team of scholars in delivering over 30,000 well-researched Fatwas on a wide range of Islamic issues. Additionally, he has authored several influential works, including Ma'rifat al-Riba (Understanding Usury) and Taleem-ul-Manasik (related to Hajj obligations).

Mufti Ali Asghar's expertise extends beyond academia into practical applications in Islamic finance and economics. He possesses extensive experience in addressing the challenges faced by the local business sector, particularly the non-corporate segment, which plays a vital role in the economic landscape of Pakistan.

He is also a highly sought-after speaker and thought leader, having delivered keynote addresses at prestigious venues such as the Prime Minister's Secretariat and Aiwan-e-Sadr. Mufti Ali Asghar offers valuable Islamic perspectives on pressing national and international matters.

As the head of the Islamic Economic Centre, Darulifta Ahle Sunnat; he leads efforts in Shariah advisory, research, and specialized training programs tailored for scholars, academics, and finance professionals worldwide.

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5.18 SHARIAH PRONOUNCEMENT (FATWA) – HBL ISLAMIC BANKING SHARIAH BOARD



Certificate: 2025/01/KE/Retail Listed Sukuk

SHARIAH PRONOUNCEMENT (FATWA)

On

K-ELECTRIC LIMITED ("K-Electric" or "Company") For Issuance of Rated, Unsecured, Retail Listed Sukuk of up to PKR 3,000 Million (Inclusive of a Green Shoe Option of up to PKR 1,000 Million) Based on Musharakah (شركة العقد)

PREAMBLE:

K-Electric Limited ("KE") is desirous of issuing Sukuk Certificates for amount of up to PKR 3,000 Mn (PKR Three Billion only) (inclusive of a green shoe option of up to PKR 1,000 Mn). The Sukuk Certificates will be Rated, Unsecured and Retail Listed Sukuk ("Sukuk") as an instrument of redeemable capital for their working capital requirements. The Sukuk will be offered to Pre-IPO investors and then to the general public for subscription through IPO. The green shoe option may be exercised in Pre-IPO and/or IPO portion of the Sukuk.

SUKUK AGREEMENTS AND DOCUMENTS:

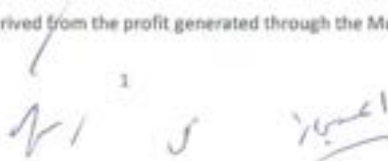
Following are the Sukuk Documents for these Sukuk Certificates which have been presented to the Shariah Advisors:

1. Sukuk Issuance Agreement
2. Sukuk Subscription and Issue Agency Agreement – for Pre-IPO investors
3. Musharaka Agreement
4. Application Form – for IPO investors

PRONOUNCEMENTS:

The shariah structure and agreements for this Sukuk is based on the Musharaka (Shirkat-ul-Aqd) and is in conformity with Shariah principles. The undersigned hereby are in approval of the structure, agreements, and related documents for the working capital financing facility through the issuance of Rated, Unsecured, Retail Listed Sukuk Issue of up to PKR 3,000 Mn (PKR Three Billion Only) (inclusive of a green shoe option of up to PKR 1,000 Mn) in the form of Certificates (Sukuk Certificates), having a denomination of PKR 10,000/- (Pak Rupees Ten Thousand) each or in multiples thereof. In addition, the Shariah Advisor appointed by K-Electric ("Shariah Advisor - III") further pronounce that:

1. There is no involvement of Riba as there is not any profit on the loan instead the structure is based on Musharaka (Shirkat-ul-Aqd).
2. The return to investors will be derived from the profit generated through the Musharaka business as





the contribution of Sukuk will be utilized for advancing funds to the company on a Musharaka basis for the generation, transmission, and distribution of electricity to its consumers/customers.

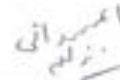
3. The structure is based on the Musharaka (Shirkat-ul-Aqd) concept and does not carry excessive Gharar in relation to tenure, profit/loss sharing, and principal redemption, as the same is clearly stated in the relevant Musharaka agreement.
4. The financing arrangement is consistent with the relevant Shariah principles with benefits to the Company and investors.
5. The Sukuk Subscription and Issue Agency Agreement, Musharaka Agreement, and Sukuk Issuance Agreement ("Legal Agreements") have been reviewed. The Legal Agreements are in line with the Shariah structure and are consistent with the Shariah principles. There is no need for SPV as investors are investing on a Shirkat-Ul-Aqd basis to finance working capital needs that's why assets can't be segregated for distributing electricity to consumers/customers.
6. Shariah audit of the issued Sukuk shall be required; the compliance of features and Shariah requirements of Sukuk shall be audited on annual basis. The Company shall appoint its own statutory auditors or another firm of Chartered Accountants to perform Shariah audit. The Shariah audit report shall be made part of the annual financial report of K-Electric.
7. The term sheet and offering document are in line as per the Shariah Governance Regulations 2023 issued by Securities and Exchange Commission of Pakistan.



Dr. Zubair Usmani
Chairman Shariah Board



Mufti Muhammad Yahya Asim
Member Shariah Board



Dr. Ejaz Ahmed Samadani
Member Shariah Board

Date: February 7, 2025

5.19 SHARIAH PRONOUNCEMENT (FATWA) – ASAS SHARIAH ADVISORY SERVICES (PVT.) LIMITED



Certificate: 2025/01/KE/Retail Listed Sukuk

SHARIAH PRONOUNCEMENT (FATWA)

On

K-ELECTRIC LIMITED ("K-Electric" or "Company") For Issuance of Rated, Unsecured, Retail Listed Sukuk of up to PKR 3,000 Million (Inclusive of a Green Shoe Option of up to PKR 1,000 Million) Based on Musharakah (المشاركة شركة)

PREAMBLE:

K-Electric Limited ("KE") is desirous of issuing Sukuk Certificates for amount of up to PKR 3,000 Mn (PKR Three Billion only) (inclusive of a green shoe option of up to PKR 1,000 Mn). The Sukuk Certificates will be Rated, Unsecured and Retail Listed Sukuk ("Sukuk") as an instrument of redeemable capital for their working capital requirements. The Sukuk will be offered to Pre-IPO investors and then to the general public for subscription through IPO. The green shoe option may be exercised in Pre-IPO and/or IPO portion of the Sukuk.

SUKUK AGREEMENTS AND DOCUMENTS:

Following are the Sukuk Documents for these Sukuk Certificates which have been presented to the Shariah Advisors:

1. Sukuk Issuance Agreement
2. Sukuk Subscription and Issue Agency Agreement – for Pre-IPO investors
3. Musharaka Agreement
4. Application Form – for IPO investors

PRONOUNCEMENT:

The shariah structure and agreements for this Sukuk is based on the Musharaka (Shirkat-ul-Aqd) and is in conformity with Shariah principles. The undersigned hereby are in approval of the structure, agreements, and related documents for the working capital financing facility through the issuance of Rated, Unsecured, Retail Listed Sukuk issue of up to PKR 3,000 Mn (PKR Three Billion Only) (inclusive of a green shoe option of up to PKR 1,000 Mn) in the form of Certificates (Sukuk Certificates), having a denomination of PKR 10,000/- (Pak Rupees Ten Thousand) each or in multiples thereof. In addition, the Shariah Advisor appointed by K-Electric ("Shariah Advisor - II") further pronounce that:

1. There is no involvement of Riba as there is not any profit on the loan instead the structure is based on Musharaka (Shirkat-ul-Aqd).
2. The return to investors will be derived from the profit generated through the Musharaka business as

1


ASAS Shariah Advisory Services (Private) LimitedPlot No 71-E, Mezzanine Floor, 11th Commercial Street, DHA Phase II Ext, Karachi Pakistan

Contact: +92 (317) 028 4926 | +92 (300) 277 1180 | +92 (213) 712 0789

email: info@asasadvisory.com | website: www.asasadvisory.com



- the contribution of Sukuk will be utilized for advancing funds to the company on a Musharaka basis for the generation, transmission, and distribution of electricity to its consumers/customers.
3. The structure is based on the Musharaka (Shirkat-ul-Aqd) concept and does not carry excessive Gharar in relation to tenure, profit/loss sharing, and principal redemption, as the same is clearly stated in the relevant Musharaka agreement.
 4. The financing arrangement is consistent with the relevant Shariah principles with benefits to the Company and Investors.
 5. The Sukuk Subscription and Issue Agency Agreement, Musharaka Agreement, and Sukuk Issuance Agreement ("Legal Agreements") have been reviewed. The Legal Agreements are in line with the Shariah structure and are consistent with the Shariah principles.
 6. There is no need for SPV as Investors are investing on a Shirkat-Ul-Aqd basis to finance working capital needs that's why assets can't be segregated for distributing electricity to consumers/customers.
 7. Shariah audit of the issued Sukuk shall be required; the compliance of features and Shariah requirements of Sukuk shall be audited on annual basis. The Company shall appoint its own statutory auditors or another firm of Chartered Accountants to perform Shariah audit. The Shariah audit report shall be made part of the annual financial report of K-Electric.
 8. The term sheet and offering document are in line as per the Shariah Governance Regulations 2023 issued by Securities and Exchange Commission of Pakistan.

For and on behalf of:
 Shariah Advisor II - ASAS Shariah Advisory Services Private Limited


 Mufti Muhammad Nadeem Siddiqui
 Member Shariah Board


 Mufti Waseem Akhtar
 Member Shariah Board


 Mufti Syed Zahid Siraj
 Chairman Shariah Board

Date: 04-Feb, 2025



5.20 SHARIAH PRONOUNCEMENT (FATWA) – MUFTI ALI ASGHAR

Mufti Ali Asghar

-  Member Of Central Ruet-e-Hilal Committee Pakistan
-  Shariah Board Member of Kanzul Madaris Board
-  SECP Registered Shariah Advisor
-  Head of Islamic Economics Centre Darulifta Ahlesunnat

Serial No: 2025/01/KE/Retail Listed Sukuk

SHARIAH PRONOUNCEMENT (FATWA)

On K-ELECTRIC LIMITED ("K-Electric" or "Company")

For Issuance of Rated, Unsecured, Retail Listed Sukuk of up to PKR 3,000 million (Inclusive of a Green Shoe Option of up to PKR 1,000 million) Based on Musharaka (شركة بقر)

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
يَعُونُ الْمَلِكُ الْوَهَّابُ الْمُهَيَّبُ هِدَايَةَ الْحَقِّ وَالصَّوَابِ

K-Electric, a company that generates and sells electricity, is issuing sukuk worth slightly over three billion in accordance with Shariah guidelines. Sukuk holders, under the specified terms and conditions, will have the option to adjust their profit against their electricity bills as well. Further details can be found in the Shariah structure.

As the company has accepted our suggestion, we are approving the Shariah structure for the sukuk issued by KE. These sukuk are issued based on the principle of Shirkat ul Aqad (Contractual Partnership). Therefore, purchasing these Musharaka sukuk issued by K-Electric and becoming a partner in the company business is permissible. Moreover, the profit earned by adhering to the methods outlined in the Shariah structure will also be halal.

Shariah Classification (تفصیلی تکیب)

The summary of the Shariah classification for the structure of the retail sukuk issued by K-Electric in February 2025 is as follows:

- The value of the fixed and liquid assets of K-Electric in its 12 IBCs is Rs. 69,001,634,877.
- K-Electric is issuing sukuk against these assets, and each sukuk is valued at Rs. 10,000.
- By purchasing sukuk, sukuk holder will acquire proportionate ownership in the business and assets of 12 IBCs.
- Through contractual partnership (شركة بقر), sukuk holders will become business partners in a specific area designated by K-Electric.
- Investors will share in both profit and loss and will be entitled to profit according to the formula stated in the structure.

1

Islamic Economics Centre Faizan Plot Adjacent to Faizan e Medina Karachi
PH : 021 34921389 EXT : 7261 iec@daruliftaahlesunnat.net aliasghar92@hotmail.com

- There is no involvement of Riba, as this structure is based on Musharaka (Shirkat-ul-Aqad) and not an interest-bearing loan.
- The structure does not carry excessive Gharar concerning tenure, profit/loss sharing, or principal redemption. All terms are clearly stated in the Musharaka agreement.

Additionally;

1. The Sukuk Subscription and Issue Agency Agreement, Musharaka Agreement, and Sukuk Issuance Agreement have been reviewed. These agreements align with Shariah principles and are consistent with the approved structure.
2. A Shariah audit is required for the issued Sukuk. The Company must appoint its own statutory auditors or another firm of Chartered Accountants to conduct an annual Shariah audit. The Shariah audit report must be included in the annual financial report of K-Electric.
3. If Company deems it necessary, it should seek Shariah guidance regarding the pooling and monthly profit distribution.
4. The term sheet and offering document are in line with the Shariah Governance Regulations 2023 issued by the Securities and Exchange Commission of Pakistan (SECP).

والله اعلم عز وجل ورسوله اعلم صلى الله تعالى عليه وآله وسلم



Mufti Ali Asghar
Shariah Advisor



Date : February 4, 2025 / 05 شہان 1446

PART VI

6 RISK FACTORS

6.1 RISK FACTORS RELATED TO THE COMPANY

EXTERNAL RISK FACTORS

1. Regulatory Risk

Delayed tariff approvals pose an external risk to K-Electric's operational and business performance. To mitigate this risk, KE has adopted a strategic approach by reprioritizing its investment plans, ensuring optimal allocation of resources to maintain efficiency and meet operational targets. NEPRA has approved the Generation tariff for all its power plants for the period post June 2023. The Multi-Year Tariffs for Transmission, Distribution, and Supply businesses for the period FY24 to FY30 are currently under the determination of NEPRA. The Company remains engaged with NEPRA for expeditious processing of the remaining tariff petitions which are cost-reflective, investment-enabling and provide for reasonable returns.

2. Technology and Cyber Resilience

KE faces technology and cyber resilience risks arising from both internal and external sources. These include cybersecurity threats that have the potential to disrupt operations and the possibility of operational disruptions stemming from the maintenance and upgrading of critical business systems. To address these risks, KE is investing in technology transformation projects aimed at modernizing its infrastructure to support future growth. The company has implemented network monitoring tools that enable automated detection and prevention of cyberattacks, along with conducting regular vulnerability assessments and penetration testing of critical systems. Additionally, enterprise-wide training and awareness programs on information security are being conducted to strengthen cyber resilience across the organization.

3. Liquidity Risk

KE is facing liquidity challenges due to deteriorating recoveries from customers amid challenging economic conditions and pending financial disputes with government entities. To mitigate this risk, KE has introduced various targeted recovery schemes aimed at improving collections from non-paying customers. It is also assisting customers with bill payments by partnering with diverse payment providers and financial institutions. Efforts are underway to optimize operational efficiency and enhance revenue collection through process re-engineering and the adoption of advanced technologies. To address long-standing financial disputes and regulatory matters, KE is engaging with broader stakeholders under a well-structured plan aimed at expediting resolutions. KE's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to KE's reputation.

4. Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arise where transactions are conducted in foreign currency. KE primarily has foreign currency exposures in the US Dollar and Euro in the form of trade and other payables, bank balances, and long-term financing. The Company has hedged a significant portion of its long-term financing denominated in its foreign currency. KE uses cross-currency swaps to hedge its currency risk, with a maturity of more than one year from the reporting date. Such contracts are generally designated as cash flow hedges.

5. Interest Rate Risk

KE's interest rate risk arises from long-term financing and short-term borrowing facilities at variable rates for financing its generation, transmission, and distribution projects and meeting working capital requirements. KE manages these mismatches through risk management policies where significant changes in gap position can be adjusted.

INTERNAL RISK FACTORS

1. Environmental Risk

Environmental contamination remains a key consideration for power generation facilities. KE has consistently adhered to local and international environmental regulations, with all six generation installations complying with ISO 14001-certified Environmental Management Systems. The Company has established a dedicated Environmental Section and implemented an Environmental Sustainability Management System, including 16 ISO 14001-compliant procedures across business units. Comprehensive processes for Environmental Impact Assessments, emissions and effluent monitoring, hazardous waste management, and resource conservation are in place. Polychlorinated Biphenyls ("PCBs") have been eliminated as part of the United Nations Development Programme ("UNDP") POPs ("Persistent Organic Pollutants") eradication project. The company has not been subject to any fines or penalties on environmental concerns in the past and there is no significant environmental risk going forward.

2. Safety Risk

Safety risks pose a challenge to organizations, arising from both internal and external sources, and can result in injuries, loss of human life, or damage to assets and infrastructure. K-Electric actively mitigates this risk through a comprehensive approach aligned with international best practices. The company adheres to Process Safety Management ("PSM") guidelines to ensure robust safety protocols. Additionally, it promotes safety awareness through media campaigns and Corporate Social Responsibility ("CSR") initiatives to educate employees and the broader community. To reinforce a culture of safety, K-Electric has also implemented a reward and reprimand policy, fostering accountability and encouraging adherence to safety standards.

3. Litigation Risk

Contingencies in relation to the key pending litigations are detailed in note 31 of the unconsolidated financial statements for the year ended June 30, 2023 and Part 9 of this Prospectus. Based on the opinion of the Company's legal counsels, the management believes that the outcome of those cases will not result in any material adverse financial impact on the Company.

4. People Management

A key risk to the Company is the loss of high-potential and trained employees, arising from both internal and external factors. To mitigate this, K-Electric ensures its compensation packages are aligned with market trends and norms, fostering competitiveness and employee satisfaction. Additionally, high-performing talent is recognized and rewarded through fast-track career growth opportunities, motivating them to stay engaged and committed. To address long-term workforce sustainability, the company actively invests in talent pipeline development and succession planning for critical positions, ensuring organizational stability and preparedness for future challenges.

5. Incurrence of Loss

K-Electric has incurred a net loss for the year in the latest available audited annual financials (FY 2023). Historically, KE has had a profitable track record, with net profits of PKR 8.52 Billion in FY22 and PKR 11.99 Billion in FY21. The loss in FY23 is attributable to the significant impact of socio-political and macroeconomic challenges arising from the ongoing national crises. Factors such as surging inflation, policy rate hikes, and contraction in

economic activity greatly influenced KE's operations and overall profitability. Furthermore, under the previous MYT applicable from FY17 till FY23, no adjustments were provided for variations in benchmarks set by NEPRA, including the policy rate and units sent out - an arrangement that differed from the tariff structure allowed to other power entities. However, based on learnings from the previous MYT and aligned with other power entities, most loss-contributing factors have now been addressed in the petitioned tariff. These include the indexation of finance costs, currency devaluation, and the actualization of sent outs.

6. Negative Cash flows from Operating activities

KE had negative cash flows from operating activities in FY22 primarily due to PKR 88 Billion increase in receivables from GoP on account of Tariff Adjustments. These receivables were subsequently recovered in FY23 & FY24, improving the cash flow from operating activities position to PKR 61 Billion in FY23 compared to negative PKR 26 Billion in FY22. In early 2024, Tariff Differential Subsidy ("TDS") Agreement was signed to enable the timely processing of TDS claims and application of markup in case of delayed payments. These measures are designed to ensure prompt claim disbursements and reduce KE's working capital requirements

6.2 RISK FACTORS RELATED TO THE ISSUE

EXTERNAL RISK FACTORS

1. Interest Rate risk/Reinvestment risk

An increase in market interest rates and underlying inflation may adversely affect the comparative return and/or the real (inflation-adjusted) return for the investors. As a countermeasure, the Sukuk Issue is a floating rate instrument that offers attractive margins over KIBOR. Since the returns for investors are linked to a benchmark, any increase in market interest rates or inflation may be reflected accordingly in returns for the investors.

2. Price Risk

The Sukuk Certificates will be listed on PSX and the Sukuk holders will be able to sell or buy the Sukuk Certificates through the TREC Holders of the Stock Exchange. The price of Sukuk Certificates will largely depend on the bond market behavior and interest rate regime. Hence price may rise or fall and result in an increase or decrease in the value of Sukuk Certificates. Investors of KE Sukuk will be protected against changes in market dynamics, as the issue is linked to a floating market benchmark.

3. Liquidity Risk

By investing in the Sukuk Issue, the investor assumes the risk of not being able to sell the Sukuk Certificates without adversely affecting the price of the instrument. It is pertinent to note that the Sukuk Certificates are to be listed on PSX, which will act as a provider of liquidity for the Sukuk Certificates during the life of the instrument by facilitating secondary market trades. Furthermore, the Sukuk Certificates offers a floating rate of return which may enable investors to sell the Sukuk Certificates in various interest rate scenarios.

4. Changes in Tax Regime

Any adverse change in the existing Tax regime for investment in Sukuk Certificates may affect the redemption and profit for the Sukuk investors.

5. Risk of Non-compliance with regulations of SECP and PSX

In the event of non-compliance with any regulatory requirements of SECP or PSX, the Sukuk Issue may be placed on the Defaulter Segment of PSX, which may potentially hamper trading in the Company's Sukuk leading up to potential suspension in trading as well.

INTERNAL RISK FACTORS

1. Default Risk

This risk is associated with the repayment capacity of the Company to service the Sukuk (Musharaka Investment) redemption and profit payments.

The Company has no history of credit default. The Sukuk Issue has monthly profit payments compared to a bullet profit payment thereby spreading the cash outflow over the Tenor. Moreover, the Instrument is structured to allow for the option of payment of profit through adjustment in the investors' KE utility bills during the tenor.

2. Shariah Structure Risk

Under the structure of the instrument, there is an inherent risk of the investors bearing a nominal loss if the Musharakah business fails to generate a positive return during the Sukuk Issue's tenor. However, the designated Integrated Business Centers ("IBCs"), which constitute the partnership business for the Musharaka, have consistently demonstrated profitability and have not incurred losses historically. It is expected that this trend will persist throughout the tenor of the instrument, mitigating the likelihood of such risks materializing.

DISCLAIMER:

IT IS STATED THAT ALL MATERIAL RISK FACTORS WITH RESPECT TO THIS ISSUE HAVE BEEN DISCLOSED TO THE BEST OF KNOWLEDGE AND BELIEF, AND THAT NOTHING HAS BEEN CONCEALED IN THIS RESPECT.

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6.3 STATEMENT BY THE ISSUER



Dated: 7 February, 2025
Ref: KE/TR/ST/2025/PSX/003

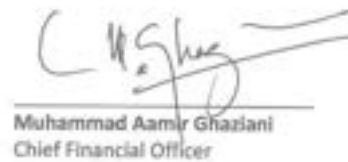
The Chief Executive
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

On behalf of K-Electric Limited ("KE" or the "Company"), we hereby confirm that all material information as required under the Companies Act, 2017, the Securities Act, 2015, the Public Offering Regulations, 2017 and the Listing of Companies and Securities Regulations of the Pakistan Stock Exchange Limited has been disclosed in the Prospectus and that whatever is stated in the Prospectus and the supporting documents is true and correct to the best of our knowledge and belief and that nothing has been concealed.

For and on behalf of K-Electric Limited



Syed Moonis Abdullah Alvi
Chief Executive Officer



Muhammad Aamir Ghaziani
Chief Financial Officer

K-Electric Limited

39-B KE House Sunset Boulevard, DHA- Phase 2, Karachi, Pakistan

6.4 STATEMENT BY THE CONSULTANT TO THE ISSUE



February 24, 2025

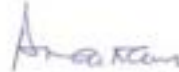
The Chief Executive
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Being mandated as the Consultant to the Issue to the Initial Public Offering of K-Electric Limited's Rated, Unsecured, and Retail Listed Sukuk, we hereby confirm that all material information as required under the Companies Act, 2017, the Securities Act, 2015, the Public Offering Regulations, 2017 and the Listing of Companies and Securities Regulations of the Pakistan Stock Exchange Limited has been disclosed in the Prospectus and that whatever is stated in the Prospectus and the supporting documents is true and correct to the best of our knowledge and belief and that nothing has been concealed.

For and on behalf of Habib Bank Limited



Ayesha Shakeel
Unit Head, Capital Markets
Investment Banking



Burhan Nasir
Head, Advisory, M&A, and Capital Markets
Investment Banking

Habib Bank Limited
24th Floor,
Investment Banking
Department,
HBL Tower,
Plot No. G-4,
Block No. 7,
G/Floor
Karachi, Pakistan
Phone: 333-40118888

☎ 111-111-425 | 🌐 www.hbl.com | 📱 HBL Mobile |  | 

Registered Office: Habib Bank Limited, 9th Floor, Habib Bank Tower, Jinnah Avenue, Islamabad, Pakistan
Phone: (91-01) 3271954, (91-11) 2621180 | Fax: (91-11) 2621220

PART VII

7 FINANCIAL INFORMATION

7.1 AUDIT AUDITOR CERTIFICATE ON ISSUED, SUBSCRIBED AND PAID-UP CAPITAL OF THE COMPANY



pwc

A.F.FERGUSON&CO.

Syed Moonis Abdullah Alvi
Chief Executive Officer
K- Electric Limited
KE House, 39-B, Sunset Boulevard
Phase II, D.H.A.
Karachi

December 20, 2024
ASR 3187

Dear Sir

AUDITOR'S CERTIFICATE ON THE ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AS AT JUNE 30, 2023

Background

We understand that K-Electric Limited (the Company / KE) intends to issue a prospectus for the proposed issue of KE's unsecured retail listed Sukuk certificates having face value of Rs. 10,000 each for an aggregate issue amount of up to Rs. 3,000 million (the Proposed Sukuk Issue) in accordance with the Public Offering Regulations, 2017 (the Regulations) issued by the Securities and Exchange Commission of Pakistan (SECP).

In this respect, we have been requested by the management of the Company to provide a certificate on the issued, subscribed and paid-up capital of the Company as at June 30, 2023, as required under clause 14(Part VII)(i) of section 1 of the First Schedule of the Regulations and for onward submission to Pakistan Stock Exchange Limited (PSX) and SECP. Accordingly, management has prepared the annexed 'Statement of issued, subscribed and paid-up capital as at June 30, 2023' (the Statement), which has been initiated by us for identification purposes only.

Scope of Certificate

The scope of this certificate is to confirm the issued, subscribed and paid-up capital as at June 30, 2023, based on the audited unconsolidated financial statements of the Company, as required under clause 14 (Part VII)(i) of section 1 of the First Schedule of the Regulations.

Management's Responsibility

It is the responsibility of the management of the Company to prepare the annexed Statement in accordance with the clause 14(Part VII)(i) of section 1 of the First Schedule of the Regulations and to provide us with the documents evidencing the compliance with the matters stated in the 'Scope of Certificate' paragraph above.

Auditor's Responsibility

Our responsibility is to provide a certificate in connection with the matters stated in the 'Scope of Certificate' paragraph above in accordance with 'Guidelines for Issue of Certificates for Special Purposes by Practising Chartered Accountant Firms' issued by the Institute of Chartered Accountants of Pakistan.

Our verification was limited to checking the accuracy of the amount of the issued, subscribed and paid-up capital of the Company as at June 30, 2023 from the audited unconsolidated financial statements of the Company for the year ended June 30, 2023.



A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427928/32424740; <www.pwc.com/pk>

• KARACHI • LAHORE • ISLAMABAD



December 20, 2024
ASR 3187

A·F·FERGUSON&Co.

Certificate

Based on procedures mentioned above, we confirm the amount of the issued, subscribed and paid-up capital of the Company as at June 30, 2023 reflected in the annexed the Statement, of Rs. 96,261,551 thousand (equivalent to 27,615,194,246 ordinary shares having face value of Rs. 3.5 each).

Restriction on use and distribution

The certificate is issued by us in the capacity of statutory auditors of the Company on the specific request of the management of the Company and is not to be used for any other purpose or to be distributed to any party other than PSX and SECP. This certificate is restricted to the facts stated herein and the annexed Statement and does not extend to any financial statements of the Company.

Yours truly



encl

K-ELECTRIC LIMITED
STATEMENT OF ISSUED, SUBSCRIBED AND PAID-UP CAPITAL
AS AT JUNE 30, 2023

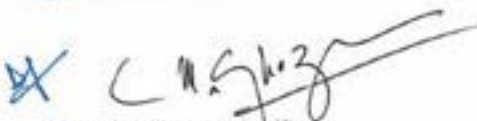

	Number of shares	(Rs. in '000')
Issued for cash		
Ordinary shares of Rs. 3.5 each fully paid	14,493,490,368	50,727,215
Issued for consideration other than cash		
Ordinary shares of Rs. 3.5 each fully paid	12,988,827,989	45,460,898
Ordinary shares of Rs. 3.5 each fully paid as bonus shares	132,875,889	465,066
	13,121,703,878	45,925,964
Transaction costs on issuance of shares	-	(391,628)
	27,615,194,246	96,261,551

Notes:

- K-Electric Limited (the Company) has prepared its audited unconsolidated financial statements for the year ended June 30, 2023 in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:
 - International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and
 - Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRSs and IFAS, the provisions of and directives issued under the Act have been followed.
- The unconsolidated financial statements of the Company for the year ended June 30, 2023 have been audited by M/s A. F. Ferguson & Co. Chartered Accountants, a member firm of PwC network, who through their report dated October 2, 2023 expressed an unmodified opinion on those unconsolidated financial statements.

For and on behalf of K-Electric Limited


 Chief Financial Officer
 Date: 20 Oct 2024




K-Electric Limited

39-B KE House Sunset Boulevard, DHA- Phase 2, Karachi, Pakistan

7.2 AUDITOR'S CERTIFICATE ON BREAK-UP VALUE PER SHARE



A·F·FERGUSON&CO.

Syed Moonis Abdul Alvi
Chief Executive Officer
K-Electric Limited
KE House, 39-B, Sunset Boulevard
Phase II, D.H.A.,
Karachi

December 20, 2024
ASR 3186

Dear Sir

**AUDITOR'S CERTIFICATE ON BREAK-UP VALUE PER ORDINARY SHARE OF
K-ELECTRIC LIMITED AS AT JUNE 30, 2023**

Background

We understand that K-Electric Limited (the Company / KE) intends to issue a prospectus for the proposed issue of KE's unsecured retail listed Sukuk certificates having face value of Rs. 10,000 each for an aggregate issue amount of up to Rs. 3,000 million (the Proposed Sukuk Issue) in accordance with the Public Offering Regulations, 2017 (the Regulations) issued by the Securities and Exchange Commission of Pakistan (SECP).

In this respect, we have been requested by the management of the Company to provide a certificate on the break-up value per ordinary share of the Company as at June 30, 2023, as required under clause 14(Part VII)(ii) of section 1 of the First Schedule of the Regulations and for onward submission to Pakistan Stock Exchange Limited (PSX) and SECP. Accordingly, the management has prepared the annexed 'Statement of Break-up Value per Ordinary Share as at June 30, 2023', which has been initialed by us for identification purposes only.

Scope of Certificate

The scope of this certificate is to confirm that the computation of break-up value per share as at June 30, 2023, determined based on the audited unconsolidated financial statements for the year ended June 30, 2023, is in accordance with Technical Release - 22 'Book Value per Share' (TR -22) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

Management's Responsibility

It is the responsibility of the management of the Company to prepare the annexed Statement in accordance with the Regulations and TR-22 and to provide us with the documents evidencing the compliance with the matters stated in the 'Scope of Certificate' paragraph above.

Auditor's Responsibility

Our responsibility is to provide a certificate in connection with the matters as stated in the 'Scope of Certificate' paragraph above in accordance with 'Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms' issued by the ICAP. Our verification was limited to the procedures as mentioned below:

- (i) Obtained the Statement from the management of the Company comprising details and computation of break-up value per ordinary share of the Company as at June 30, 2023;



A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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December 20, 2024
ASR 3186

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- (ii) Traced the following as appearing in the Statement from the audited unconsolidated financial statements of the Company for the year ended June 30, 2023:
- (a) Number of ordinary shares
 - (b) Issued, subscribed and paid-up capital
 - (c) Revenue reserves
 - General reserves; and
 - Unappropriated profit
 - (d) Capital reserves
 - Revaluation surplus on property, plant and equipment;
 - Share premium; and
 - Other reserves
- (iii) Checked that break-up value per ordinary share of the Company as at June 30, 2023 has been determined in accordance with the requirements of TR-22 issued by ICAP; and
- (iv) Checked the mathematical accuracy of computation of break-up value per ordinary share of the Company as at June 30, 2023.

Certificate

Based on procedures mentioned above, we confirm the break-up values per ordinary share of the Company as at June 30, 2023 appearing in the annexed Statement, are as follows:

- i) Break-up value per ordinary share excluding surplus on revaluation of property, plant and equipment is Rs. 5.57; and
- ii) Break-up per ordinary share including surplus on revaluation of property, plant and equipment is Rs. 9.24.

Further, we confirm that the break-up values per ordinary share have been determined in accordance with the TR-22 issued by the ICAP.

Restriction on use and distribution

The certificate is issued by us in the capacity of statutory auditors of the Company on the specific request of the management of the Company and is not to be used for any other purpose or to be distributed to any party other than PSX and SECP. This certificate is restricted to the facts stated herein and the annexed Statement and does not extend to any financial statements of the Company.

Yours truly



encl

Page 2 of 2



K-ELECTRIC LIMITED
STATEMENT OF BREAK-UP VALUE PER ORDINARY SHARE
AS AT JUNE 30, 2023

		(Rs in '000')
Issued, subscribed and paid-up capital		96,261,551
Revenue reserves		
General reserves		5,378,356
Unappropriated profits		50,079,696
		<u>55,458,052</u>
Capital reserves		
Share premium		1,500,000
Other reserves		809,172
		<u>2,309,172</u>
Shareholders' equity excluding surplus on revaluation of property, plant and equipment	A	<u>153,722,775</u>
Capital reserve - Surplus on revaluation of property, plant and equipment		<u>101,431,882</u>
Shareholders' equity	B	<u>255,154,657</u>
		(No. of shares)
	C	<u>27,615,194,246</u>
		(Rupees)
Break-up value per ordinary share (excluding surplus on revaluation of property, plant and equipment)	D=A / C*1000	<u>5.57</u>
Break-up value per ordinary share (including surplus on revaluation of property, plant and equipment)	E=B / C*1000	<u>9.24</u>

Notes:

- K-Electric Limited (the Company) has prepared its audited unconsolidated financial statements for the year ended June 30, 2023 in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:
 - International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
 - Islamic financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and
 - Provisions of and directives under the Act.

Where provisions of and directives issued under the Act differ from the IFRSs and IFAS, the provisions of and directives issued under the Act have been followed.
- The unconsolidated financial statements of the Company for the year ended June 30, 2023 have been audited by M/s. A. F. Ferguson & Co. Chartered Accountants, a member firm of PwC network, who through their report dated October 2, 2023 expressed an unmodified opinion on those unconsolidated financial statements.
- The computation of the break-up value per ordinary share of the Company is based on the audited unconsolidated financial statements of the Company for the year ended June 30, 2023 and is prepared in accordance with the Technical Release 'Book Value per Share' (TR - 22) issued by the Institute of Chartered Accountants of Pakistan.

For and on behalf of K-Electric Limited

 Chief Financial Officer
 Date: 20 DEC 2024



K-Electric Limited

39-B KE House Sunset Boulevard, DMA- Phase 2, Karachi, Pakistan

7.3 AUDITOR'S CERTIFICATE UNDER CLAUSE 1 OF SECTION 2 OF THE FIRST SCHEDULE TO THE PUBLIC OFFERING REGULATIONS, 2017 FOR THE PURPOSE OF INCLUSION IN THE PROSPECTUS



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Syed Moonis Abdullah Alvi
Chief Executive Officer
K-Electric Limited
KE House, 39-B, Sunset Boulevard
Phase II, D.H.A.,
Karachi

December 26, 2024
ASR 3279

Dear Sir

AUDITOR'S CERTIFICATE UNDER CLAUSE 1 OF SECTION 2 OF THE FIRST SCHEDULE TO THE PUBLIC OFFERING REGULATIONS, 2017 FOR THE PURPOSE OF INCLUSION IN THE PROSPECTUS FOR UNSECURED RETAIL LISTED SUKUK ISSUE AGGREGATING UPTO RS. 3,000 MILLION BY K-ELECTRIC LIMITED

Background

We understand that K-Electric Limited (the Company / KE) intends to issue a prospectus for the proposed issue of KE's unsecured retail listed Sukuk certificates having face value of Rs. 10,000 each for an aggregate issue amount of up to Rs. 3,000 million (the Proposed Sukuk Issue) in accordance with the Public Offering Regulations, 2017 (the Regulations) issued by the Securities and Exchange Commission of Pakistan (SECP).

In this respect, we have been requested by the management of the Company to provide a certificate under clause 1 of section 2 of the First Schedule to the Regulations, based on audited consolidated financial statements of the Company as at June 30, 2023 and June 30, 2022, audited unconsolidated financial statements of KE Venture Company (Private) Limited and audited financial statements K-Solar (Private) Limited (the Subsidiaries) as at June 30, 2024, June 30, 2023 and June 30, 2022, for onward submission to Pakistan Stock Exchange Limited (PSX) and SECP.

SECP through its letter SMD/PO/SA.88/04/2024/262 dated November 21, 2024 has exempted the Company from submitting financial statements for the year ended June 30, 2024. Accordingly, the management has prepared the following annexed Statements as at June 30, 2023 and June 30, 2022 for the Company and as at June 30, 2024, June 30, 2023 and June 30, 2022 for its Subsidiaries under the requirements of clause 1 of section 2 of the First Schedule of the Regulations which have been initiated by us for identification purposes only:

- Statement of consolidated profits and losses and assets and liabilities of K-Electric Limited (Statement I);
- Statement of unconsolidated profits and losses and assets and liabilities of KE Venture Company (Private) Limited (Statement II); and
- Statement of profits and losses and assets and liabilities of K-Solar (Private) Limited (Statement III).



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State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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December 26, 2024
ASR 3279

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Scope of Certificate

In accordance with clause 1 of section 2 of the First Schedule of the Regulations, the scope of certificate is to confirm as follows for each of the two financial years immediately preceding the issue of the prospectus:

- (a) profits and losses and assets and liabilities of the Company based on consolidated financial statements and that of unconsolidated financial statements of the Subsidiaries respectively; and
- (b) the details of dividend (date, rate, class of shares) paid by the Company during last two financial years immediately preceding the issue of prospectus of the Company. Where no financial statements have been prepared in respect of any part of the aforementioned period, ending on a date three months before the issue of the prospectus, a confirmation to that fact.

Management's Responsibility

It is the responsibility management to prepare the Statements (Annexure I, II and III) in the compliance with the clause 1 of section 2 of the First Schedule to the Regulations and to provide us with the documents evidencing the compliance with the matters stated in the 'Scope of Certificate' paragraph above.

Auditor's Responsibility

Our responsibility is to provide a certificate in connection with the matters as stated in the 'Scope of Certificate' paragraph above in accordance with 'Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms' issued by the Institute of Chartered Accountants of Pakistan. Our verification was limited to the procedures as mentioned below:

- (i) Traced the following as appearing in the annexed Statements from the audited consolidated financial statements of the Company for the years ended June 30, 2023 and June 30, 2022 and the audited unconsolidated financial statements of the Subsidiaries for the years ended June 30, 2024, June 30, 2023 and June 30, 2022:
 - (a) The consolidated net loss or profit for the years ended June 30, 2023 and June 30, 2022 of the Company and the unconsolidated net loss or profit for the years ended June 30, 2024, June 30, 2023 and June 30, 2022 of the Subsidiaries;
 - (b) The consolidated assets and liabilities as at June 30, 2023 and June 30, 2022 of the Company and the unconsolidated assets and liabilities as at June 30, 2024, June 30, 2023 and June 30, 2022 of the Subsidiaries; and
 - (c) The details of dividend (date, rate, class of shares) paid by the Company during the years ended June 30, 2023 and June 30, 2022.

Certificate

Based on procedures mentioned in auditor's responsibility paragraph above, we confirm the following as appearing in the annexed Statements:

- (i) The net loss / profit and assets and liabilities of the Company as at June 30, 2023 and June 30, 2022 (Statement I) are in agreement with the consolidated financial statements of the Company for the years then ended;
- (ii) The net loss / profit and assets and liabilities of the Subsidiaries as at June 30, 2024, June 30, 2023 and June 30, 2022 (Statement II and Statement III) are in agreement with unconsolidated financial statements of the Subsidiaries for the years then ended; and

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December 26, 2024
ASR 3279

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(iii) No dividend was declared by the Company during the years ended June 30, 2023 and June 30, 2022.

Further, the consolidated financial statements for the year ended June 30, 2023, are the latest audited consolidated financial statements of the Company available as of the date of this letter.

Restriction on use and distribution

The certificate is issued by us in the capacity of statutory auditors of the Company on the specific request of the management of the Company and is not to be used for any other purpose or to be distributed to any party other than PSX and SECP. This certificate is restricted to the facts stated herein and the annexed Statement and does not extend to any financial statements of the Company.

Yours truly



encl

Statement 1
Refer to our
letter ASM 3279 dated
December 26, 2024
Page 1 of 3



STATEMENT OF PROFITS AND LOSSES AND ASSETS AND LIABILITIES OF K-ELECTRIC LIMITED

1. The consolidated statement of financial position of K-Electric Limited based on the audited consolidated financial statements for the years ended June 30, 2023 and 2022 are as follows:

	June 30, 2023	June 30, 2022
	(Rupees in '000)	
ASSETS		
Non-current assets		
Property, plant and equipment	286,273,014	489,283,334
Intangible assets	1,176,377	318,899
Investment property	3,856,970	2,992,649
Other financial assets - at amortised cost	93,286,791	16,212,258
Long-term loans and deposits	23,134	28,499
Deferred taxation	57,863	27,856
	<u>387,756,814</u>	<u>539,105,135</u>
Current assets		
Inventories	18,756,304	17,108,279
Trade debts	104,420,241	124,953,106
Loans and advances	3,723,834	1,589,180
Deposits and short-term investments	11,827,498	8,827,781
Other receivables	328,314,483	275,168,049
Current maturity of other financial assets - at amortised cost	6,279,289	1,088,032
Derivative financial assets	33,977,939	8,033,421
Taxation - set	6,109,343	-
Cash and bank balances	7,121,909	3,899,473
Asset classified as held for sale	436,054,993	21,734,489
	<u>4,813,618</u>	<u>-</u>
TOTAL ASSETS	<u>1,094,285,023</u>	<u>1,069,140,534</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES Issued, subscribed and paid-up capital		
	96,261,221	96,261,221
Reserves		
Capital reserves		
Share premium and other reserves	2,009,079	2,009,079
Revaluation surplus on property, plant and equipment	103,431,822	69,712,295
	<u>105,440,901</u>	<u>71,721,374</u>
Revenue reserves		
General reserves	5,379,229	5,379,229
Unappropriated profit	29,088,864	26,791,081
	<u>34,468,093</u>	<u>32,170,310</u>
TOTAL EQUITY	<u>130,709,274</u>	<u>128,891,584</u>
LIABILITIES		
Non-current liabilities		
Long-term financing	280,208,276	191,233,189
Lease liabilities	123,901	184,791
Long-term deposits and other liabilities	16,714,458	13,976,421
Employee retirement and other benefit obligations	3,278,242	5,199,479
Deferred revenue	5,179,071	22,014,382
	<u>314,404,128</u>	<u>243,607,262</u>
Current liabilities		
Current maturity of long-term financing	28,286,290	33,828,341
Current maturity of lease liabilities	48,438	39,750
Trade and other payables	227,028,290	426,264,126
Unclaimed dividend	842	842
Accrued mark-up	14,359,819	12,529,504
Taxation - set	-	897,073
Short-term borrowings	94,811,098	107,825,458
Short-term deposits	12,790,483	12,327,040
Provisions	16,739	16,488
	<u>318,177,021</u>	<u>395,323,021</u>
TOTAL LIABILITIES	<u>794,284,202</u>	<u>640,441,298</u>
Contingencies and Commitments		
TOTAL EQUITY AND LIABILITIES	<u>1,094,285,023</u>	<u>1,069,140,534</u>

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K-Electric Limited

39-B KE House Sunset Boulevard, DHA- Phase 2, Karachi, Pakistan

Statement 1
Refer to our
letter ASR 3279 dated
December 26, 2024
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a. The consolidated statement of profit or loss and consolidated statement of comprehensive income of K-Electric Limited based on the audited consolidated financial statements for the years ended June 30, 2023 and 2022 are as follows:

i) Statement of profit or loss

	June 30, 2023	June 30, 2022
	(Express in '000)	
REVENUE		
Net revenue	382,894,912	345,384,179
Tariff adjustment	135,007,412	179,686,288
	<u>517,902,324</u>	<u>525,070,467</u>
COST OF SALES		
Purchase of electricity	(282,106,095)	(207,044,277)
Consumption of fuel and oil	(206,799,080)	(218,487,224)
Expenses incurred in generation, transmission and distribution	(23,748,202)	(20,209,269)
Other cost of sales	(230,951)	(271,229)
	<u>(492,884,327)</u>	<u>(446,212,999)</u>
GROSS PROFIT	<u>25,018,000</u>	<u>78,857,468</u>
Customer services and administrative expenses	(27,850,290)	(25,811,239)
Impairment loss against trade debts and other receivables	(34,731,200)	(24,847,227)
Other operating expenses	(14,901,250)	(9,423,861)
Other income	12,428,232	10,225,829
	<u>(54,054,508)</u>	<u>(49,856,528)</u>
(LOSS) / PROFIT BEFORE FINANCE COST	<u>(28,996,508)</u>	<u>29,000,940</u>
Finance cost	(24,278,688)	(13,122,462)
	<u>(53,275,196)</u>	<u>15,878,478</u>
(LOSS) / PROFIT BEFORE TAXATION	<u>(53,275,196)</u>	<u>15,878,478</u>
Taxation	11,514,207	2,809,471
	<u>(41,760,989)</u>	<u>18,687,949</u>
(LOSS) / PROFIT FOR THE YEAR	<u>(41,760,989)</u>	<u>18,687,949</u>
EARNINGS BEFORE INTEREST, TAX DEPRECIATION AND AMORTIZATION (EBITDA)	<u>28,276,015</u>	<u>41,227,240</u>
	(Rupees)	
(LOSS) / EARNING PER SHARE - BASIC AND DILUTED	<u>(1.12)</u>	<u>0.21</u>

ii) Statement of comprehensive income

	June 30, 2023	June 30, 2022
	(Express in '000)	
(LOSS) / PROFIT FOR THE YEAR	<u>(41,760,989)</u>	<u>18,687,949</u>
OTHER COMPREHENSIVE INCOME:		
Items that may be reclassified to profit or loss		
Changes in fair value of cash flow hedges	99,238,648	2,997,543
Adjustment for amounts transferred to profit or loss	(99,238,648)	(2,997,543)
Items that will not be reclassified to profit or loss		
Remeasurement of post-employees benefit obligations	(201,200)	(111,783)
Less: Taxation thereon	87,412	32,417
	<u>(113,788)</u>	<u>(79,366)</u>
Translation surplus	20,725,911	22,725,204
Less: Taxation thereon	(14,743,413)	(7,266,646)
	<u>5,982,498</u>	<u>15,458,558</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>1,221,511</u>	<u>34,168,951</u>

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K-Electric Limited

39-B KE House Sunset Boulevard, DHA- Phase 2, Karachi, Pakistan

Statement I
Refer to our
letter ASR 2279 dated
December 26, 2024
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Notes:

1. The consolidated financial statements of the Company for the year ended June 30, 2023 are the latest audited consolidated financial statements of the Company. No consolidated financial statements have been issued by the K-Electric Limited (the Company) thereafter pending tariff determination by National Electric Power Regulatory Authority (NEPRA). The Securities and Exchange Commission of Pakistan through its letter SMS/PO/SA/SR/04/2024/962 dated November 23, 2024 has exempted the Company from submitting financial statements for the year ended June 30, 2024.
2. The audited consolidated financial statements of the Company for the years ended June 30, 2023 and June 30, 2022 have been audited by M/S.A. F. Ferguson & Co. Chartered Accountants, a member firm of PwC network, who through their reports dated October 5, 2023 and September 30, 2022 respectively expressed unmodified opinions on those consolidated financial statements.
3. No Dividend was declared by the Company during the years ended June 30, 2023 and June 30, 2022.

For and on behalf of K-Electric Limited

158-

Chief Financial Officer
Date: 26 DEC 2024

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K-Electric Limited

39-B KE House Sunset Boulevard, DHA- Phase 2, Karachi, Pakistan

Statement II
Refer to our
letter ASR 5279 dated
December 26, 2024
Page 1 of 2

STATEMENT OF UNCONSOLIDATED PROFITS AND LOSSES AND ASSETS AND LIABILITIES OF KE VENTURE COMPANY (PRIVATE) LIMITED

1. The unconsolidated statement of financial position of KE Venture Company (Private) Limited based on the audited unconsolidated financial statements for the years ended June 30, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
	(Rupees)		
ASSETS			
NON-CURRENT ASSETS			
Long term investments	888,100,000	425,300,000	274,100,000
CURRENT ASSETS			
Cash and bank balances	1,092,250	2,213,860	777,500
	<u>890,192,250</u>	<u>427,513,860</u>	<u>274,877,500</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 100,000,000 ordinary shares of Rs. 10 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up capital 89,500,000 (2023: 42,900,000 and 2022: 27,500,000) ordinary shares of Rs. 10 each fully paid in cash	895,000,000	429,000,000	275,000,000
Accumulated losses	(10,797,245)	(7,686,240)	(3,399,984)
	<u>884,202,755</u>	<u>421,313,760</u>	<u>269,040,016</u>
CURRENT LIABILITIES			
Other payables	5,989,505	6,200,100	5,837,484
TOTAL EQUITY AND LIABILITIES	<u>890,192,250</u>	<u>427,513,860</u>	<u>274,877,500</u>
CONTINGENCIES AND COMMITMENTS			

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K-Electric Limited

39-B KE House Sunset Boulevard, DHA- Phase 2, Karachi, Pakistan



Statement II
Refer to our
letter ASR 3279 dated
December 26, 2024
Page 2 of 2

2. The unconsolidated statement of profit or loss and other comprehensive income of KE Venture Company (Private) Limited based on the audited unconsolidated financial statements for the years ended June 30, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
	(Rupees)		
Administrative expenses	(1,081,000)	(1,706,250)	(1,673,000)
Loss before taxation	(1,081,000)	(1,706,250)	(1,673,000)
Taxation	-	-	-
Loss for the year	(1,081,000)	(1,706,250)	(1,673,000)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	(1,081,000)	(1,706,250)	(1,673,000)

Notes:

- The audited unconsolidated financial statements of the KE Venture Company (Private) Limited for the years ended June 30, 2024, 2023 and June 30, 2022 have been audited by M/s. BDO Elbrahim & Co. Chartered Accountants, who through their reports dated October 23, 2024, September 18, 2023 and September 24, 2022 respectively expressed unmodified opinions on these unconsolidated financial statements.

For and on behalf of K-Electric Limited

(Signature)
Chief Financial Officer
Date: 26 DEC 2024
66A
1725



K-Electric Limited

39-B KE House Sunset Boulevard, DHA- Phase 2, Karachi, Pakistan

Statement III
Refer to our
letter ASR 3279
December 26, 2024
Page 1 of 2

STATEMENT OF PROFITS AND LOSSES AND ASSETS AND LIABILITIES OF K-SOLAR (PRIVATE) LIMITED

1. The statement of financial position of K-Solar (Private) Limited based on the audited financial statements for the years ended June 30, 2023 and 2022 are as follows:

	2024	2023	2022
	(Rupees)		
ASSETS			
NON-CURRENT ASSETS			
Operating fixed assets	5,699,888	95,823,854	84,340,744
Capital work in progress	2,484,970	2,484,970	1,133,599
Intangibles	584,914	890,720	-
Contract Asset in progress	460,800,895	-	-
Long term deposits	-	2,350,000	2,350,000
Deferred tax asset	48,180,356	67,663,233	27,268,006
	<u>505,649,799</u>	<u>106,712,557</u>	<u>87,149,449</u>
Current assets			
Inventory	194,194,817	45,285,215	44,883,603
Trade debts	182,968,298	158,276,720	89,334,091
Right of use assets	8,276,640	-	-
Unbilled revenue	76,753,830	12,706,333	31,760,789
Advances, prepayments and other receivables	133,779,211	35,497,375	20,965,336
Accrued profit	7,493,849	1,000,000	154,705
Short-term deposit	3,330,000	300,000	1,000,000
Sales tax receivable	16,373,687	17,788,406	12,164,209
Tax refundable	-	299,439	-
Cash and bank balances	477,600,418	73,059,825	89,053,436
	<u>1,078,380,231</u>	<u>294,528,459</u>	<u>298,605,181</u>
	<u>1,584,030,030</u>	<u>301,241,016</u>	<u>324,803,630</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
300,000,000 ordinary shares of Rs. 10 each	<u>3,000,000,000</u>	<u>3,000,000,000</u>	<u>3,000,000,000</u>
Issued, subscribed and paid-up capital	888,106,000	274,100,000	100,000
Accumulated losses	(225,427,261)	(161,248,126)	(96,322,143)
	<u>862,678,739</u>	<u>112,851,874</u>	<u>(96,222,143)</u>
Advance against issuance of share capital	-	181,000,000	271,000,000
	<u>862,678,739</u>	<u>293,851,874</u>	<u>174,777,857</u>
NON CURRENT LIABILITIES			
Lease liabilities	-	12,868,781	(7,875,618)
Long term loan	493,258,046	-	-
	<u>493,258,046</u>	<u>12,868,781</u>	<u>(7,875,618)</u>
Current Liabilities			
Current maturity of lease liabilities	11,126,176	4,866,838	4,115,003
Current maturity of long term loan	33,999,101	-	-
Trade and other payables	831,309,884	103,743,080	95,809,895
Accrued Markup	21,816,884	-	-
Tax payable	1,595,325	-	324,348
	<u>903,847,370</u>	<u>108,616,918</u>	<u>100,249,246</u>
TOTAL EQUITY AND LIABILITIES	<u>1,584,030,030</u>	<u>301,241,016</u>	<u>324,803,630</u>

CONTINGENCIES AND COMMITMENTS

MS-2
DX
3
K-Electric Limited

39-B KE House Sunset Boulevard, DHA- Phase 2, Karachi, Pakistan

Statement III
Refer to our
letter ASR 3379
December 26, 2024
Page 3 of 3

2. The statement of profit or loss and other comprehensive income of K-Solar (Private) Limited based on the audited financial statements for the years ended June 30, 2024, 2023 and 2022 are as follows:

	2024	2023 (Restated)	2022
Turnover - net	902,691,600	801,007,057	397,656,671
Cost of sales	(686,102,746)	(220,260,780)	(275,030,131)
Gross profit	216,588,854	380,237,179	22,626,540
Administrative expenses	(123,564,703)	(148,211,274)	(18,818,054)
Other operating expenses	(3,298,164)	-	(2,054,792)
Other income / (Expenses)	101,432,803	(480,434)	3,527,723
Loss before interest and tax	270,407,791	(118,294,839)	(76,294,358)
Finance cost	(2,897,736)	(2,752,952)	(2,004,001)
Profit / (Loss) before income tax and minimum tax differential	267,510,055	(121,047,791)	(78,298,359)
Minimum tax differential	(28,206,700)	(3,261,744)	-
Profit / (Loss) before income tax	239,303,355	(124,309,535)	(78,298,359)
Taxation	(10,482,470)	39,796,329	24,147,298
Net Profit / (Loss) for the year	228,820,885	(84,513,206)	(54,151,061)
Other comprehensive income for the year	-	-	-
Total comprehensive income / (Loss) for the year	228,820,885	(84,513,206)	(54,151,061)

Note:

- During the year June 30, 2024, the Institute of Chartered Accountants of Pakistan (ICAP) issued IAS 12 Application Guidance on Accounting for Minimum and Final taxes' vide its circular No. 07/2024 dated May 15, 2024 (the Guidance), whereby unrecoupable minimum taxes in excess of normal tax liability and tax deducted at source under final tax regime are out of scope of IAS 12 'Income Taxes' and fall in the ambit of IFRIC 23 'Leases' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. Accordingly, K-Solar (Private) Limited (the Company) has revised its accounting policy. This change in accounting has been accounted for retrospectively as referred under International Accounting Standard - 8 'Accounting policies, Changes in Accounting Estimates and Errors' and corresponding figures in the statement of profit or loss and other comprehensive income and statement of cash flows have been restated. However, there has been no effect on the statement of financial position and statement of changes in equity as the result of this change.
- The audited financial statements of the Company for the years ended June 30, 2024, 2023 and June 30, 2022 have been audited by M/s. BDO Ibrahim & Co. Chartered Accountants, who through their reports dated October 23, 2024, September 4, 2023 and September 26, 2022 respectively expressed unmodified opinions on these financial statements.

For and on behalf of K-Electric Limited


Chief Financial Officer
Date: 26 DEC 2024



K-Electric Limited

39-B KE House Sunset Boulevard, DHA- Phase 2, Karachi, Pakistan

7.4 SUMMARY OF FINANCIAL HIGHLIGHTS

Balance Sheet (PKR Millions)	FY-21	FY-22	FY-23
Non-Current Assets	427,653	509,315	608,095
Current Assets	408,024	550,813	416,567
Inventory/Stock in Trade	16,083	17,061	18,691
Trade Receivable/ Trade Debt	104,714	136,843	104,283
Other Current Assets	284,856	394,063	286,499
Cash and Bank Balances	2,371	2,846	7,094
Total Assets	835,677	1,060,128	1,024,662
Non-Current Liabilities	105,796	213,772	254,399
Long-Term Financing / Finance Lease/Financing Arrangements	60,515	151,887	180,629
Other Long-Term Liabilities	45,281	61,885	73,770
Current Liabilities	505,930	596,185	515,108
Trade Payable/Creditors	353,855	438,101	357,896
Short-Term Borrowing	107,023	107,535	92,851
Current Portion of Long-Term Financing / Finance Lease	16,762	23,692	36,324
Others Current Liabilities	28,290	26,856	28,038
Total Liabilities	611,726	809,956	769,508
Paid up Capital	96,262	96,262	96,262
Capital / Revenue Reserves	7,382	7,382	7,382
Un-appropriated Profit/Loss	64,376	76,815	50,080
Revaluation surplus	55,933	69,713	101,432
Total Liabilities and Equity	835,677	1,060,128	1,024,662

Income Statement (PKR Millions)	FY-21	FY-22	FY-23
Sales-Net	325,049	518,777	519,471
Cost of sales	-265,854	-450,241	-466,659
Gross profit	59,195	68,536	52,812
Operating Profit/EBIT	26,459	20,769	-7,802
Financial Charges	-11,113	-15,120	-34,570
Taxes	-3,348	2,875	11,476
Net Income / PAT for the year	11,998	8,524	-30,897

Cash Flow Statement (PKR Millions)	FY-21	FY-22	FY-23
Cash Flow from Operating Activities	42,259	(25,746)	60,809
Cash Flow from Investing Activities	(74,465)	(63,843)	(49,646)
Cash Flow from Financing Activities	22,061	83,693	(218)
Net Increase in Cash and Cash Equivalents	(10,144)	(5,896)	10,946
Cash and Cash Equivalents at the Beginning of the Year	(25,836)	(35,979)	(41,875)
Cash and Cash Equivalents at the End of the Year	(35,979)	(41,875)	(30,929)
CAPEX	(76,567)	(51,248)	(49,752)
Growth	FY-21	FY-22	FY-23
Sales Growth (%)	12.5%	59.6%	0.1%
EBITDA Growth (%)	25.0%	-9.3%	-60.4%
Profit after Taxation Growth (%)	-505.5%	-29.0%	-462.5%

Margins	FY-21	FY-22	FY-23
Gross Profit Margin (%)	18.2%	13.2%	10.2%
Net Profit Margin (%)	3.7%	1.6%	-5.9%
EBITDA Margin (%)	14.1%	8.0%	3.2%
Profit before Taxation Margin (%)	4.7%	1.1%	-8.2%
Earnings Ratios	FY-21	FY-22	FY-23
Earnings per Share	0.43	0.31	-1.12
Break-up Value per Share without Revaluation Surplus	6.08	6.53	5.57
Break-up Value per Share with Revaluation Surplus	8.11	9.06	9.24
Return on Equity / Shareholder's Funds (%)	5.4%	3.4%	-12.1%
Return on Capital Employed (%)	3.1%	1.8%	-5.6%
Return on Total Assets (%)	1.4%	0.8%	-3.0%
Balance Sheet Ratios	FY-21	FY-22	FY-23
Fixed Asset Turnover (x)	0.77x	1.06x	0.90x
Asset Turnover (x)	0.39x	0.49x	0.51x
Quick/Acid Test Ratio (x)	0.77x	0.90x	0.77x
Current Ratio (x)	0.81x	0.92x	0.81x
Inventory (Furnace Oil & Other Oil) Turnover (days)	14	14	23
Debtor Turnover (days)*	410	322	288
Creditor Turnover (days)	292	232	220

*Includes tariff adjustment receivable from Government

Ratios	FY-21	FY-22	FY-23
Gross Margin (%)	18.2%	13.2%	10.2%
Operating Margin (%)	8.1%	4.0%	-1.5%
Net Margin (%)	3.7%	1.6%	-5.9%
ROE (%)	5.4%	3.4%	-12.1%
ROA (%)	1.4%	0.8%	3.0%
Current Ratio (x)	0.81	0.92	0.81
Quick Ratio (x)	0.77	0.90	0.77
Interest Coverage Ratio (x)	2.38	1.37	-0.23

7.5 SUMMARY OF MAJOR ITEMS OF REVENUE AND EXPENDITURE

MAJOR REVENUE ITEMS			
Audited (PKR in Millions)	FY-21	FY-22	FY-23
Sales			
Sale of Energy			
Residential	104,526	111,194	165,839
Commercial	42,558	51,878	72,777
Industrial	97,414	123,005	166,733

Karachi Nuclear Power Plant (KANUPP)	763,809	-	-
Fuel Surcharge adjustment	6,665	57,866	(25,067)
Others	3,079	2,148	2,282
Total Net Revenue	255,006	346,091	382,564
Tariff Adjustment	70,042	172,687	136,907

MAJOR EXPENDITURE ITEMS			
Audited (PKR in Millions)	FY-21	FY-22	FY-23
Costs			
Purchase of Electricity			
CPPA-G/NTDC	66,980	144,462	160,108
Independent Power Producer (IPPs)	42,237	62,230	63,052
Karachi Nuclear Power Plant	3,006	852	0
Sub Total	112,223	207,544	223,160
Consumption of Fuel & Oil			
Natural/RLNG Gas	79,924	119,466	133,346
Furnace and Other Fuel/Oil	47,249	84,676	74,463
High Speed Diesel (HSD)	786	8,345	1,949
Sub Total	127,959	212,487	209,759
Expenses incurred in G, T & D			
Generation	16,757	16,426	16,813
Transmission and Distribution	8,915	9,903	16,927
Sub Total	25,672	26,329	33,740
Total Costs	265,068	438,015	464,709

7.6 BREAK-UP OF OTHER INCOME

BREAK-UP OF OTHER INCOME			
Audited (PKR in Millions)	FY-21	FY-22	FY-23
Income from financial assets			
Return on bank deposits	232	450	1,547
Late payment surcharge	2,030	1,968	3,462
Sub Total	2,262	2,418	5,010
Income from non-financial assets			
Liquidated damages recovered from suppliers and contractors	144	206	92
Scrap sales	315	444	743
Amortization of deferred revenue	2,193	2,406	2,918
Service connection charges	1,289	171	640
Collection charges - TV license fee	152	162	168

Gain on disposal of property, plant and equipment	1,887	2,194	1,484
Exchange gain - net	1,081	-	-
Others	468	2,208	1,365
Sub Total	7,530	7,792	7,411
Total	9,792	10,210	12,421

7.7 REVALUATION OF FIXED ASSETS OF THE COMPANY

Details of revaluation of fixed assets of the Company is as follows:

REVALUATION OF FIXED ASSETS				
Asset Class	Revaluation Year	External Valuer	Written Down Value* (PKR in Mn)	Revalued Amount (PKR in Mn)
Leasehold land	2022	Harvester Services (Private) Limited	13,678	15,003
Plant and machinery - for assets reclassified as held for sale	2023	Iqbal A. Nanjee & Co. (Private) Limited	1,782	2,639
Plant and machinery	2023	Iqbal A. Nanjee & Co. (Private) Limited	218,328	249,015
Transmission grid equipment	2023	Iqbal A. Nanjee & Co. (Private) Limited	70,111	89,402

*On revaluation date

7.8 DIVIDEND POLICY

The Company in its general meeting may declare dividends but no dividend shall exceed the amount recommended by the Board. Dividend, if declared in the general meeting, shall be paid according to the provisions of the Companies Act, 2017.

The Board of Directors may from time to time declare interim dividends as appear to it to be justified by the profits of the Company. No dividend shall be paid otherwise than out of the profits of the Company for the year or any other undistributed profits of prior years.

No unpaid dividend shall bear interest or mark up against the Company. The dividends shall be paid within the period laid down in the Companies Act, 2017. The last dividend paid to shareholders was in 1995 in the form of Bonus shares. Moreover, the Company, due to reinvestment requirements and certain lenders' covenants, has not declared dividend / bonus shares.

7.9 SECURITY OF THE ISSUE

The Issue is "Unsecured" which means that no additional security is being obtained. However, investors have right over Musharaka pool of the Designated Business up to their investment ratio.

7.10 INVESTMENT AGENT

In order to protect the interests of the Certificate Holders, Habib Bank Limited has been appointed to act as Investment Agent for the Issue. The Issuer shall pay to the Investment Agent an annual fee of PKR 1.5 million. The Bankers to the Issue have been instructed to inform the Investment Agent on a daily basis of the subscriptions received for issuance of Sukuk Certificates.

7.11 EVENTS OF DEFAULT & TERMINATION, CIRCUMSTANCES UNDER WHICH SECURITY BECOMES ENFORCEABLE, AND ENFORCEMENT PROCEDURE

7.11.1 EVENTS OF DEFAULT & TERMINATION

In terms of Clause 8.1.1 of the Sukuk Issuance Agreement, each of the following events constitutes an Event of Default & Termination after expiry of the relevant cure period (if any) in terms of the Sukuk Issuance Agreement (unless defined herein, the capitalised terms under this paragraph 7.11 shall have the meaning assigned to them under the Sukuk Issuance Agreement):

- (i) failure by the Issuer in paying on the due date for payment, the Provisional Profit Payments or the Redemption Amount;
- (ii) other than those payments specified in sub-clause (i) of Clause 8.1.1 hereinabove, default of the Issuer in paying on the due date for payment, or within any period stipulated herein or within any period stipulated in the demand of the Investment Agent of any sum payable under this Agreement/ Transaction Documents and such default continues for more than 10 (ten) Business Days after such demand of the Investment Agent;
- (iii) the Issuer does not comply with its undertakings, representations, warranties or covenants or any other provision of this Agreement/ Transaction Documents and such non-compliance continues for 10 (ten) Business Days after the receipt by the Issuer of a written notice from the Investment Agent, notifying the Issuer of its non-compliance with the provisions of this Agreement;
- (iv) a representation, warranty or statement made or repeated in or in connection with this Agreement or in any document delivered by or on behalf of the Issuer, is or proves to have been incorrect or misleading in any material respect or any statement, representation or warranty made or repeated by the Issuer in any notice, certificate or statement referred to or delivered under this Agreement, is or proves to have been incorrect or misleading in any respect, provided such defect is not rectified within 10 (ten) Business Days after the written notice is received by the Issuer from the Investment Agent;
- (v) liquidation, bankruptcy, cessation of business activities or cessation of the payment of debts of the Issuer, or any other legal or factual situation, including judicial or amicable settlement of debts, which may have a Material Adverse Effect in the reasonable opinion of the Investment Agent;
- (vi) any delinquent payment(s) of any amounts that become due by the Issuer towards various parties and the Issuer's failure to comply with its covenants under the instruments to which it is party which in the reasonable opinion of the Investment Agent have an impact on its ability to perform or comply with the various terms and conditions contemplated in this Agreement;
- (vii) attachment or assignment or transfer of delivery to or takeover of any properties or assets of the Issuer by any receiver, encumbrancer, assignee, or any other person or body whether appointed by the Issuer or a Court or the government under any law or regulation;
- (viii) making of any order or passing of a resolution for the winding up of the Issuer;
- (ix) except as stipulated under this Agreement, the Issuer consolidates, merges, amalgamates or undertakes or permits any merger, amalgamation, consolidation, dismantling or re organisation of the

- Issuer or makes any acquisition of any other company without the prior consent of the Investment Agent;
- (x) one or more judgments, decrees or orders for the payment of money rendered against the Issuer which is likely to have a Material Adverse Effect on it in the reasonable opinion of the Investment Agent, and such judgments, decrees or order shall continue unsatisfied and in effect for a period of 10 (ten) consecutive days without being vacated, discharged, satisfied or stayed;
 - (xi) the taking of any step by the Issuer for the purpose of entering into a compromise or arrangement with any of its members / shareholders, or creditors, generally or any class of them whereby the interests of the Investment Agent / Certificate Holders are affected in any material manner;
 - (xii) the occurrence of any event whatsoever which is likely to have a Material Adverse Effect on the Issuer in the reasonable opinion of the Investment Agent;
 - (xiii) termination, suspension, repudiation or revocation of this Agreement or any of the Transaction Documents;
 - (xiv) cross default by the Issuer in respect of any other Financial Indebtedness;
 - (xv) if the Issuer claims that all or any material provision of this Agreement and/or the Transaction Documents:
 - (a) do not have effect or cease to have effect in accordance with its terms; or
 - (b) are or become void, voidable, illegal or unenforceable;
 - (xvi) if all or any material part of the properties of the Issuer is compulsorily acquired or expropriated by the federal government or any provincial governments;
 - (xvii) any litigation proceedings being commenced against the Issuer which may have a Material Adverse Effect in the reasonable opinion of the Investment Agent, which has not been vacated, discharged, satisfied or stayed within a period of 15 (fifteen) days;
 - (xviii) any change in shareholding of the Issuer that has a Material Adverse Effect;
 - (xix) if subsequent to the listing of the Sukuk Certificates in terms of Clause 7.15 of the Sukuk Issuance Agreement, as uploaded on the Issuer's website, the Stock Exchange suspends the trading of the Sukuk Certificates pursuant to the DSL Regulations and / or any other applicable laws and regulations and the same is not reversed within a period of 7 (seven) days;
 - (xx) failure to procure listing of the Sukuk Certificates in terms of Clause 7.15 of the Sukuk Issuance Agreement, as uploaded on the Issuer's website; and/or
 - (xxi) if subsequent to the listing of the Sukuk Certificates in terms of Clause 7.15 of the Sukuk Issuance Agreement, as uploaded on the Issuer's website, the Issuer fails to comply with or contravenes with any of the provisions of the DSL Regulations and/or any other laws and regulations which may be applicable from time to time including any conditions imposed on it by the Stock Exchange once listed pursuant to the DSL Regulations and the same is not rectified within the prescribed time period.

7.11.2 DECLARATION OF EVENT OF DEFAULT & TERMINATION AND ENFORCEMENT

1. Under Clause 8.3.1 of the Sukuk Issuance Agreement, upon occurrence of an Event of Default & Termination, in case the Event of Default & Termination is capable of rectification other than an Event of

Default & Termination specified in Clause 8.1.1.(i) of the Sukuk Issuance Agreement and Section 7.11.1(i) above, the Investment Agent shall issue a notice in writing to the Issuer (with a copy to each Certificate Holder) requiring the Issuer to rectify the Event of Default & Termination within 7 (seven) business days of the notice in accordance with the terms of the Sukuk Issuance Agreement.

2. Under Clause 8.3.1 of the Sukuk Issuance Agreement, if such Event of Default & Termination is not cured by the Issuer in accordance with the terms of the Sukuk Issuance Agreement, upon lapse of the stipulated period mentioned above; or in case where the Event of Default & Termination is not capable of being rectified, at any time after the occurrence of an Event of Default & Termination the Investment Agent shall, at its discretion or on the instructions/notice of any single Investor, by notice in writing to the Issuer declare the outstanding amounts due and payable under the Sukuk Transaction Documents (the “**Declaration of Event of Default & Termination**”).
3. Under Clause 8.4.1 of the Sukuk Issuance Agreement, at any time after a Declaration of Event of Default & Termination, the Investment Agent shall (subject to being indemnified in accordance with Clause 8.4.1 of the Sukuk Issuance Agreement) be entitled to, with written notification to the Issuer, take such proceedings/actions against the Issuer for the purpose of the enforcement of the Payment Obligations as it may deem fit as supported by an Extraordinary Resolution in terms of the Sukuk Transaction Documents.

The term “Payment Obligations” means the amounts, which are outstanding and payable to the Certificate Holders pursuant to the Sukuk Certificates and/or under the Sukuk Transaction Documents.

Note: It is confirmed that all Events of Default & Termination mentioned in the Sukuk Transaction Documents have been disclosed in this Prospectus in the same manner as per the Sukuk Issuance Agreement dated April 24, 2025.

7.12 QUORUM AND EXTRAORDINARY RESOLUTION

7.12.1 QUORUM

1. Under paragraph 4 of Schedule 4 of the Sukuk Issuance Agreement, at any meeting at which Certificate Holders holding or representing in the aggregate one third of the total outstanding face value of Sukuk Certificates shall form a quorum for the transaction of any business. No business other than the choosing of a Chairman shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.
2. Under paragraph 5 of Schedule 4 of the Sukuk Issuance Agreement, if within 30 (thirty) minutes from the time appointed for the meeting, a quorum is not present, the meeting if convened on the requisition of Certificate Holders shall be dissolved. In any other case, it shall stand adjourned to such day and time being not less than 14 (fourteen) days and not more than 42 (forty two) days thereafter and to such place as may be appointed by the Chairman and at such adjourned meetings a quorum as specified in paragraph 4 (four) above shall be a quorum for the transaction of business. At least 7 (seven) days' notice as aforesaid of any adjourned meeting of Certificate Holders at which an Extraordinary Resolution is to be submitted shall be given in the same manner as for an original meeting.

7.12.2 EXTRAORDINARY RESOLUTION

1. The expression “**Extraordinary Resolution**” used in the Sukuk Issuance Agreement, means a resolution passed by Certificate Holders representing more than 66.67% (sixty-six point six seven percent) of the total

outstanding face value of the Sukuk Certificates at a meeting of Certificate Holders duly convened and held in accordance with Schedule 4 of the Sukuk Issuance Agreement.

2. An Extraordinary Resolution passed at a meeting of the Certificate Holders duly convened and held in accordance with the Sukuk Issuance Agreement shall be binding on all the Certificate Holders, whether or not present at the meeting. Each of the Certificate Holders and the Investment Agent (subject to the provisions for its indemnity contained in the Sukuk Issuance Agreement) shall be bound to give effect to it accordingly.
3. A resolution in writing signed by or on behalf of Certificate Holders representing more than 66.67% (sixty-six point six seven percent) of the aggregate outstanding amount of Sukuk Certificates (“**Extraordinary Resolution by way of Circulation**”) shall for all purposes of the Sukuk Issuance Agreement be as valid and effective as an Extraordinary Resolution passed at a meeting of the Certificate Holders duly convened and held. The Extraordinary Resolution by way of Circulation may be contained in one document or in several documents in or substantially in like form each signed by or on behalf of one or more of the relevant Certificate Holders.

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PART VIII

8 INSTRUMENT AND ENTITY RATING

8.1 INSTRUMENT RATING – PRESS RELEASE



The Pakistan Credit Rating Agency Limited

PRESS RELEASE

Date

19-May-25

Analyst

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 +92-42-35869504
 www.pacra.com

Applicable Criteria

- Methodology | Independent Power Producer Rating | Jul-24
- Methodology | Debt Instrument Rating | Oct-24

Related Research

- Sector Study | Power | Feb-25

Disclaimer

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PACRA Updates the Ratings of K-Electric Limited - Retail Utility Sukuk - PKR 3bln - TBI

Rating Type	Debt Instrument	
	Current (19-May-25)	Previous (19-Nov-24)
Action	Preliminary	Preliminary
Long Term	AA	AA
Short Term	A1+	A1+
Outlook	Stable	Stable
Rating Watch	-	-

The ratings reflect K-Electric Limited's ("KE" or "the Company") strategic position in powering Karachi - Pakistan's financial hub and remains committed to ensuring an uninterrupted power supply to the city. KE is the only vertically integrated power utility in Pakistan, managing all key areas – Generation, Transmission, Distribution and Supply – ensuring energy delivery to customers within its licensed areas. KE is progressing on its transformation and renewable energy goals. It secured competitive tariffs for the 100 MW Bela and 50 MW Winder projects, with NEPRA directing the lowest bidder to file a tariff petition. Bid evaluations for the 220 MW hybrid and 270 MW Sindh Solar projects have been submitted to NEPRA. These efforts support energy diversification and reduced reliance on imports, while also facilitating investor participation in the sector. As part of regulatory updates, KE has submitted separate tariff petitions for Generation, Transmission, Distribution Network, and Supply. The investment plan and Generation tariff were approved by NEPRA last year. Currently, only the Transmission, Distribution Network, and Supply petitions are pending approval. The hearings for these petitions were conducted last year. Consequently, the Company has been unable to finalize its post FY23 financial statements within the standard timeline. KE has formally informed its key regulators—NEPRA, SECP, and PSX—about the delay and is actively engaging with them to expedite the approval process, with the aim of circulating the financial accounts soon. Moreover, to manages short-term liquidity challenges arising from timing mismatches between payments and receipts from power purchasers, KE plans to issue its first Unsecured, Rated, Retail Listed Short-Term Utility Sukuk ("Retail Sukuk" or "Sukuk"). The Sukuk will be offered to investors through a priority allocation with KE consumers receiving preferential treatment as the primary target market. In addition to the standard profit payment method of payment via bank transfer, this sukuk has a unique feature where investors will also have the option to receive their profit payments as adjustments to their monthly KE utility bill, given that they are KE consumers. The instrument will have a tenor of one year, with the principal amount to be repaid at maturity.

The outcome of the MYT and its impact on KE are critical to the validity of the assigned ratings. Timely completion of the process is essential for evaluating KE's financial stability and operational performance. Ensuring financial discipline, particularly with the Sukuk issuance, remains key.

About the Entity

KE, a publicly listed company in Pakistan, was established in 1913 as KESC and privatized in 2005. Its majority shares (66.40%) are owned by KES Power, a consortium with international investors, while the Government of Pakistan holds 24.36%. The remaining shares are publicly traded as free float.

About the Instrument

KE is currently in the process of issuing a Retail Sukuk of up to PKR 3,000 million, which includes a green shoe option of up to PKR 1,000 million. The issuance is structured to take place in two phases. The first phase which is the Pre-IPO stage, has been successfully concluded, with KE raising PKR 1,000 million. The Company is now preparing to launch the second phase, which is the IPO stage which is anticipated to begin in mid-June 2025, subject to necessary approvals from the regulators. During this phase, KE aims to raise up to PKR 2,000 million.

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity. PACRA's comprehensive offerings include instrument and entity credit ratings, issuer financial strength ratings, fund ratings, asset manager ratings and real estate gradings. PACRA opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.

8.2 INSTRUMENT RATING – RATING REPORT



The Pakistan Credit Rating Agency Limited

Rating Report

K-Electric Limited - Retail Utility Sukuk - PKR 3bln - TBI

Report Contents

1. Rating Analysis
2. Financial Information
3. Rating Scale
4. Regulatory and Supplementary Disclosure

Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
19-May-2025	AA	A1+	Stable	Preliminary	-
19-Nov-2024	AA	A1+	Stable	Preliminary	-

Rating Rationale and Key Rating Drivers

The ratings reflect K-Electric Limited's ("KE" or "the Company") strategic position in powering Karachi - Pakistan's financial hub and remains committed to ensuring an uninterrupted power supply to the city. KE is the only vertically integrated power utility in Pakistan, managing all key areas – Generation, Transmission, Distribution and Supply – ensuring energy delivery to customers within its licensed areas. KE is progressing on its transformation and renewable energy goals. It secured competitive tariffs for the 100 MW Bela and 50 MW Winder projects, with NEPRA directing the lowest bidder to file a tariff petition. Bid evaluations for the 220 MW hybrid and 270 MW Sindh Solar projects have been submitted to NEPRA. These efforts support energy diversification and reduced reliance on imports, while also facilitating investor participation in the sector. As part of regulatory updates, KE has submitted separate tariff petitions for Generation, Transmission, Distribution Network, and Supply. The investment plan and Generation tariff were approved by NEPRA last year. Currently, only the Transmission, Distribution Network, and Supply petitions are pending approval. The hearings for these petitions were conducted last year. Consequently, the Company has been unable to finalize its post FY23 financial statements within the standard timeline. KE has formally informed its key regulators—NEPRA, SECP, and PSX—about the delay and is actively engaging with them to expedite the approval process, with the aim of circulating the financial accounts soon. Moreover, to manage short-term liquidity challenges arising from timing mismatches between payments and receipts from power purchasers, KE plans to issue its first Unsecured, Rated, Retail Listed Short-Term Utility Sukuk ("Retail Sukuk" or "Sukuk"). The Sukuk will be offered to investors through a priority allocation with KE consumers receiving preferential treatment as the primary target market. In addition to the standard profit payment method of payment via bank transfer, this sukuk has a unique feature where investors will also have the option to receive their profit payments as adjustments to their monthly KE utility bill, given that they are KE consumers. The instrument will have a tenor of one year, with the principal amount to be repaid at maturity.

The outcome of the MYT and its impact on KE are critical to the validity of the assigned ratings. Timely completion of the process is essential for evaluating KE's financial stability and operational performance. Ensuring financial discipline, particularly with the Sukuk issuance, remains key.

Disclosure

Name of Rated Entity	K-Electric Limited - Retail Utility Sukuk - PKR 3bln - TBI
Type of Relationship	Solicited
Purpose of the Rating	Debt Instrument Rating
Applicable Criteria	Methodology Independent Power Producer Rating(Jul-24),Methodology Debt Instrument Rating(Oct-24),Methodology Correlation Between Long-term & Short-term Rating Scales(Apr-25),Methodology Rating Modifiers(Apr-25)
Related Research	Sector Study Power(Feb-25)
Rating Analysts	Ali Arslan Malik Ali.Arslan@pacra.com +92-42-35869504



The Pakistan Credit Rating Agency Limited

Power

Issuer Profile

Profile K-Electric Limited (the "KE" or the "Company") was incorporated in 1913 under the Companies Act, 2017 and its shares are listed on the Pakistan Stock Exchange. KE's current power generation capacity is 2,517MW. In addition to its own generation capacity, KE has arrangements with several IPPs & CPPA-G of 1,600-MW. KE's transmission network is interconnected with NTDC and comprises 500kV, 220kV, 132kV, and 66kV transmission lines, 75 grid stations, and 134 power transformers. Being the only vertically integrated company, KE is principally engaged in the generation, transmission and distribution of electric energy under the Electricity Act, 1910 and the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997) (the "NEPRA Act") read with the NEPRA (Electric Power Supplier) Regulations, 2012 and the NEPRA (Electric Power Procurement) Regulations, 2012.

Ownership KES Power Limited, a company incorporated in Cayman Islands and owned in part by Al-Jomah Group of KSA, NIG of Kuwait and SOCF of Cayman Islands respectively, presently holds 66.49% shareholding in KE while the Government of Pakistan (GoP) maintains a 24.36% stake.

Governance The overall control of KE vests in 11-member Board of Directors (BoD), including the CEO, whose majority is nominated by KES Power Limited (KESPL), KE's holding company. In addition to KESPL's nominees, the Board also comprises of the directors nominated by Government of Pakistan (GoP) and an independent director. However, in October 2022, resignation of 3 directors nominated by KESPL resulted in casual vacancies on the Board which cannot be filled by the Company as it is restricted from making change in its current Board composition in view of the following: (i) An ad-interim order of the High Court of Sindh was passed on 21 October 2022, in the suit filed by Al Jomah Power Limited & Deham Investments Limited against SOCF 5PW 21 Limited and others whereby no change shall be effected in the present Board of the Company. (ii) A directive under section 125 of the Securities Act, 2017 was issued by Securities and Exchange Commission of Pakistan on 01 November 2022 according to which the composition of the current BoD of KE shall not be changed, till further orders of the Commission. Further, Mark Gerard Skelton was appointed by the BoD as its Chairman in August 2022. Mark Skelton is a Managing Director with Alvarez & Marsal's (A&M's) Advisory practice in London. He has more than 20 years of experience in corporate finance and advisory. His primary areas of concentration are cross border assignments across different legal jurisdictions and waterfall classes. At present, there are four committees at the board level namely, (i) Audit, (ii) Finance, (iii) Human Resource & Remuneration, and (iv) Board Strategy & Project for ensuring the smooth flow of the Board's functions. Presence of GoP's nominee directors and an independent director on the Board and its committees brings depth and perspectives to the Board's conduct and bodes well for the governance. A. F. Ferguson & Company, Chartered Accountants, are the external auditors of the Company.

Management KE's core business operations are divided into three business segments namely Generation, Transmission & Distribution. These are managed through a well-defined hierarchical structure of qualified and experienced professionals. Mr. Moini Atri has been spearheading the Company since he took charge as CEO in June 2018 and Mr. Muhammad Asim Ghaziani has been leading as the CFO of the Company. The Company is guided by four core pillars: (i) Thought Leadership, (ii) Knowledge-based Learning, (iii) Values, and (iv) Social Responsibility. KE's leadership upholds values of integrity, accountability, and continuous improvement, striving to balance economic growth with environmental sustainability. This commitment to its CARES values drives KE's journey toward becoming a growth-oriented, sustainable organization. The Company is also in the process of making its transition towards SAP S/4HANA. Keeping customer centricity at the heart of everything, these tech solutions have been deployed to keep all business processes efficient and transparent.

Business Risk Pakistan's power generation in FY-2024 dropped by 1.9% to 127,160 GWh, marking the second consecutive annual decline, driven by higher electricity costs, rising inflation, and reduced economic activity. Hydropower remained the largest contributor, making up 31% of total generation, followed by RLNG and nuclear power, each accounting for 19%. Local coal-based power plants contributed 17%, with the rest supplied by other thermal sources, including imported coal. A small portion comes from renewable resources like wind and solar. KE is the only vertically integrated power utility company responsible for the generation, transmission, and distribution of electricity in Karachi and adjacent areas of Sindh and Balochistan. KE has a registered customer base of ~3.7mln at end-June'24, of which 14.4% constitute residential consumers, 14.9% commercial, Industrial 0.6%, and the remaining comprises of agricultural and public consumers. KE reduced its Transmission and Distribution (T&D) loss to 15.3% in FY23 and is actively working to reduce these losses, moving forward. Drawing from previous MYT experiences, KE has filed separate tariff petitions for its business segments (Generation, Transmission, Distribution and Supply). The Generation Tariff has been approved by NEPRA for all its power plants for the period post June 2023. The Multi Year Tariffs for Transmission, Distribution and Supply businesses for the period FY 2024 to 2030 are currently under determination of NEPRA and are fundamental for preparation of Financial Statements for the period post June 30, 2023.

Financial Risk KE manages its working capital requirements through a mix of internally generated cash and short term borrowings. Post signing of the power purchase agreement with CPPA-G whereby KE is now authorized to procure upto 2,000 MW of electricity from NTDC, KE has also signed another agreement with GoP for Tariff Differential Subsidy whereby KE can net off the NTDC invoices with the subsidy amount and pay only the differential amount. The arrangement has been secured via a master collection account dedicated for payments to CPPA-G. As per management, the actual position of cashflows and the debt profile of the Company is in a comfortable position and it's expected that the same trend will continue going forward. The approval of the Investment Plan of PKR 392 billion by NEPRA for rehabilitation of the transmission and distribution network of KE is expected to contribute to a surge in debt post finalization of MYT. However, KE has MCA structures that are already used to pay back long term lenders and they will continue to do the same in the future.

Instrument Rating Consideration

About The Instrument KE is currently in the process of issuing a Retail Sukuk of up to PKR 3,000 million, which includes green share option of up to PKR 1,000 million. The issuance is structured to take place in two phases. The first phase which is the Pre-IPO stage, has been successfully concluded, with KE raising PKR 1,000 million. The Company is now preparing to launch the second phase, which is the IPO stage which is anticipated to begin in mid-June 2025, subject to necessary approvals from the regulators. During this phase, KE aims to raise up to PKR 2,000 million.

Relative Seniority/Subordination Of Instrument The sukuk is unsecured and in the hierarchy of creditors, the investors shall rank after the secured lenders/investors of the Company.

Credit Enhancement The instrument is unsecured.

 The Pakistan Credit Rating Agency Limited		Financial Summary			
		PKR m			
K-Electric Limited	Jun-23	Jun-22	Jun-21	Jun-20	
Power	12M	12M	12M	12M	
A BALANCE SHEET					
1 Non-Current Assets	581,434	489,791	424,484	381,321	
2 Investments	36,232	19,249	2,817	3,048	
3 Related Party Exposure	429	275	182	-	
4 Current Assets	416,587	330,313	408,824	319,045	
a Inventories	5,432	4,619	4,824	647	
b Trade Receivables	184,712	138,242	194,714	86,512	
5 Total Assets	1,024,682	1,060,128	835,877	701,424	
6 Current Liabilities	381,933	478,318	382,145	291,387	
a Trade Payables	203,600	179,969	297,673	227,632	
7 Borrowings	309,804	283,018	184,300	155,574	
8 Related Party Exposure	-	-	-	-	
9 Non-Current Liabilities	73,770	10,050	48,211	41,795	
10 Net Assets	251,135	290,172	223,852	210,608	
11 Shareholders' Equity	251,135	290,172	223,852	210,608	
B INCOME STATEMENT					
1 Sales	519,471	521,777	825,849	283,887	
a Cost of Good Sold	(498,629)	(498,362)	(283,224)	(244,924)	
2 Gross Profit	20,842	23,415	54,625	38,963	
3 Operating Expenses:	(27,411)	(27,188)	(25,221)	(21,329)	
4 Operating Profit	21,387	44,817	33,979	22,370	
a Non Operating Income or (Expense)	(91,200)	(24,949)	(7,321)	(5,172)	
5 Profit or (Loss) before Interest and Tax	(7,813)	20,768	28,459	17,098	
a Total Finance Cost	(44,370)	(15,126)	(11,171)	(14,737)	
b Taxation	21,479	2,872	(1,942)	(4,123)	
6 Net Income Or (Loss)	(30,187)	8,514	11,891	(1,959)	
C CASHFLOW STATEMENT					
a Free Cash Flow from Operations (FCFO)	46,787	61,638	29,424	45,732	
b Net Cash from Operating Activities before Working Capital Changes	26,594	43,262	44,259	27,189	
c Changes in Working Capital	44,242	(72,117)	(12,969)	44,322	
1 Net Cash generated by Operating Activities	80,309	(28,817)	42,259	22,644	
2 Net Cash (Used in) or Available from Investing Activities	(49,646)	(83,343)	(74,481)	(49,411)	
3 Net Cash (Used in) or Available from Financing Activities	(232)	84,804	22,661	26,451	
4 Net Cash generated or (Used) during the period	10,949	(5,998)	(10,144)	(1,499)	
D RATIO ANALYSIS					
1 Performance					
a Sales Growth (for the period)	0.1%	59.8%	12.5%	-6.3%	
b Gross Profit Margin	10.2%	14.8%	16.2%	11.2%	
c Net Profit Margin	-5.8%	1.6%	3.7%	-1.8%	
d Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)	21.0%	-1.3%	17.8%	15.3%	
e Return on Equity [Net Profit Margin * Asset Turnover * (Total Assets/5)]	-12.2%	3.8%	5.9%	-1.4%	
2 Working Capital Management					
a Gross Working Capital (Average Days)	88	87	117	134	
b Net Working Capital (Average Days)	-147	-151	-172	-124	
c Current Ratio (Current Assets / Current Liabilities)	1.1	1.2	1.1	1.1	
3 Coverage					
a EBITDA / Finance Cost	2.1	5.9	4.8	3.7	
b FCFO / Finance Cost=CML23+Excess ITR	0.8	1.1	0.8	0.9	
c Debt Payback (Total Borrowings+Excess ITR) / (FCFO-Finance Cost)	6.7	3.4	3.1	3.2	
4 Capital Structure					
a Total Borrowings / (Total Borrowings+Shareholders' Equity)	54.9%	53.1%	45.2%	42.1%	
b Interest or Maring Payable (Days)	196.3	341.3	160.1	229.8	
c Debt Average Borrowing Rate	8.9%	5.2%	5.3%	8.3%	
6	Notes				
	In the absence of approved MYT, the financial statements for all the quarters of FY24 remain unaudited.				



Corporate Rating Criteria

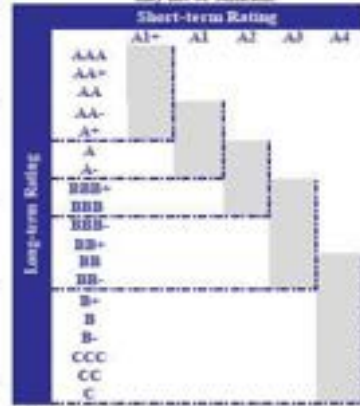
Scale

Credit Rating

Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument, more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

Scale	Long-term Rating Definition
AAA	Highest credit quality. Lowest expectation of credit risk. Indicates exceptionally strong capacity for timely payment of financial commitments.
AA+	Very high credit quality. Very low expectation of credit risk. Indicates very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
AA	
AA-	High credit quality. Low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions.
A+	
A	Good credit quality. Currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.
BBB+	
BBB	Moderate risk. Possibility of credit risk developing. There is a possibility of credit risk developing, particularly as a result of adverse economic or business changes over time, however, business or financial alternatives may be available to allow financial commitments to be met.
BBB-	
BB+	High credit risk. A limited margin of safety remains against credit risk. Financial commitments are currently being met, however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.
BB	
BB-	Very high credit risk. Substantial credit risk. "CCC" Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. "CC" Rating indicates that default of some kind appears probable. "C" Ratings signal imminent default.
B+	
B	Obligations are currently in default.
CCC	
CC	
C	
D	

Scale	Short-term Rating Definition
A1+	The highest capacity for timely repayment.
A1	A strong capacity for timely repayment.
A2	A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions.
A3	An adequate capacity for timely repayment. Such capacity is susceptible to adverse changes in business, economic, or financial conditions. The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions. Liquidity may not be sufficient.
A4	



Outlook (Stable, Positive, Negative, Developing) Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. "Stable" outlook means a rating is not likely to change. "Positive" means it may be raised. "Negative" means it may be lowered. Where the trends have conflicting elements, the outlook may be described as "Developing".

Rating Watch Alert to the possibility of a rating change subsequent to, or in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.

Suspension It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.

Withdrawn A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults, or/and e) PACRA finds it impractical to surveil the opinion due to lack of requisite information.

Harmonization A change in rating due to revision in applicable methodology or underlying scale.

Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is finally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening.

- Note: This scale is applicable to the following methodology(s):
- a) Broker Entry Rating
 - b) Corporate Rating
 - c) Debt Instrument Rating
 - d) Financial Institution Rating
 - e) Holding Company Rating
 - f) Independent Power Producer Rating
 - g) Microfinance Institution Rating
 - h) Non-Banking Finance Companies Rating

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Regulatory and Supplementary Disclosure								
Nature of Instrument	Size of Issue (PKR)	Tenor	Security	Quantum of Security	Trustee	Book Value of Total Assets (PKR)		
Rated, Unsecured, Short Term Retail Listed Sukuk	3,000 million	12 months	Unsecured	NA	Habib Bank Limited (HBL)	NA		
Name of Issuer	K-Electric Limited							
Issue Date	June, 2025							
Maturity	May, 2026							
Option	3M KIBOR + 20bps p.a.							
Due Date	Opening Principal	Principal Repayment ^a	Due Date Markup/ Profit ^a	Markup/Profit rate (Indicative)	3M Kibor Plus 20bps	Markup/Profit Payment	Installment Payable	Principal Outstanding
	PKR in mln				Indicative	PKR in mln		
June, 2025	3,000	-	End of every month	3M KIBOR + 20bps	12.30%	30.75	30.75	3,000
July, 2025	3,000	-			12.30%	30.75	30.75	3,000
August, 2025	3,000	-			12.30%	30.75	30.75	3,000
September, 2025	3,000	-			12.30%	30.75	30.75	3,000
October, 2025	3,000	-			12.30%	30.75	30.75	3,000
November, 2025	3,000	-			12.30%	30.75	30.75	3,000
December, 2025	3,000	-			12.30%	30.75	30.75	3,000
January, 2026	3,000	-			12.30%	30.75	30.75	3,000
February, 2026	3,000	-			12.30%	30.75	30.75	3,000
March, 2026	3,000	-			12.30%	30.75	30.75	3,000
April, 2026	3,000	-			12.30%	30.75	30.75	3,000
May, 2026	3,000	3,000			12.30%	30.75	3,030.75	-
		3,000				369.00	3,369.00	

Note: The first profit payment will be due at the end of the first month from the Issue Date, with subsequent payments to be made monthly thereafter. Profit will be calculated based on the applicable Profit Benchmark, using a 365-day year (or 366 days in a leap year) for the outstanding balance of the Facility Amount. The base rate will be adjusted in line with the prevailing KIBOR rate on the monthly profit payment date.

8.3 K-ELECTRIC LIMITED – ENTITY RATING HISTORY

PACRA Ratings:

No.	Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action
1	14-Jun-2024	AA	A1+	Stable	Maintain
2	21-Jun-2023	AA	A1+	Stable	Maintain
3	29-Jun-2022	AA	A1+	Stable	Maintain
4	29-Jun-2021	AA	A1+	Stable	Maintain
5	29-Jun-2020	AA	A1+	Stable	Maintain

8.4 K-ELECTRIC LIMITED – INSTRUMENT RATING HISTORY

PACRA Ratings:

No.	Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action
1	19-Nov-2024	AA	A1+	Stable	Preliminary
2	19-May-2025	AA	A1+	Stable	Preliminary

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PART IX

9 MANAGEMENT OF THE COMPANY

9.1 BOARD OF DIRECTORS OF THE COMPANY

KE's Board of Directors comprises of experienced professionals from diverse backgrounds who bring valuable insight and expertise to its strategic decision-making progress.

Mr. Mark Gerard Skelton	
Position	Chairman
Address	KE House, 3rd Floor, 39-B, Sunset Boulevard, Phase-II, DHA, Karachi
Passport No.	125479178
Directorship in other companies	<ol style="list-style-type: none"> 1. IGCF General Partner Limited 4. Alvarez & Marsal Europe LLP 5. KES Power Ltd 6. PCP III Liquidating SPV Limited 7. IGCF Oil & Gas Limited 8. Abraaj Capital SPV 7 Limited 9. IGCF SPV 4 Limited 10. IGCF SPV 5 Limited 11. JZ B Investments Limited 12. JZ Business Services 1 Limited 13. EMC Fund B Cooperatief UA 14. IbericaA EMCB HoldCo B.V. 15. IbericaA Luxembourg Sarl 16. Amstelsquare Luxembourg Sarl
Syed Moonis Abdullah Alvi	
Position	Chief Executive Officer
Address	KE House, 3rd Floor, 39-B, Sunset Boulevard, Phase-II, DHA, Karachi
CNIC No.	42201-6886191-3
Directorship in other companies	Nil
Mubasher H. Sheikh	
Position	Non-Executive Director (KES Power)
Address	KE House, 3rd Floor, 39-B, Sunset Boulevard, Phase-II, DHA, Karachi
CNIC No.	90309-0106966-1
Directorship in other companies	<ol style="list-style-type: none"> 1. Proclad Group Limited 2. Al Durrah National Real Estate Company 3. BI Group Limited (UK) 4. KES Power Limited
Adeeb Ahmad	
Position	Non-Executive Director
Address	KE House, 3rd Floor, 39-B, Sunset Boulevard, Phase-II, DHA, Karachi
CNIC No.	90303-9398449-7
Directorship in other companies	1. KE Venture Company (Private) Limited
Muhammad Kamran Kamal	

Position	Non-Executive Director
Address	KE House, 3rd Floor, 39-B, Sunset Boulevard, Phase-II, DHA, Karachi
CNIC No.	35201-8831928-7
Directorship in other companies	<ol style="list-style-type: none"> 1. The Hub Power Company Limited 2. Mega Motor Company (Private) Limited 3. Narowal Energy Limited 2. Laraib Energy Limited 3. Hub Power Holdings Limited 4. Thar Energy Limited 5. China Power Hub Generation Company 6. Sindh Engro Coal Mining Company 7. Thar Power Company Limited 8. ThalNova Power Thar Private Limited (TNPTL) 9. Prime International Oil and Gas Company Limited 10. Pamo Plast (Pvt) Limited 11. K-Electric Limited 12. KE Venture Company (Private) Limited 13. Prime Pakistan Limited 14. Prime Pakistan (M) Limited S.a.r. 15. Prime AEP Limited 16. Prime Green Energy (PVT) Limited
Shan A. Ashary	
Position	Non-Executive Director
Address	KE House, 3rd Floor, 39-B, Sunset Boulevard, Phase-II, DHA, Karachi
CNIC No.	42301-1994845-9
Directorship in other companies	<ol style="list-style-type: none"> 1. Assemco Pakistan (Pvt) Ltd 2. Ash Energy (Pvt) Ltd 3. O' Foods Pvt Ltd 5. Macaw (Pvt) Ltd 6. Three Lakes Agri Farms (Pvt) Ltd 7. Lakes Development & Construction Company (Pvt) Ltd 8. Foods Dot Com (Pvt) Ltd 9. A J R P General Trading (Pvt.) Limited 10. Gulf Powergen (Private) Limited 11. Avio Pro 12. Learning Pitch (Pvt) Limited 13. MDI Datanet Pakistan (Pvt) Limited 14. Fusion Point (Pvt) Limited 15. Gulf Electric Power Limited 16. Data Research & Communication (Pvt) Limited 17. NGP Fund V 18. NGP Fund V II 19. Norsk Titanium Cayman Limited 20. Norsk Titanium AS 21. Mentor InvestCo 1 Limited 22. FEMVI Investment Company 23. Tri-Aviation Investment Company Limited 24. Tricap Advisory Services Limited 25. Datasoft Middle East DMCC 26. Avio Pro General Trading LLC 27. Pro Capital Invests Limited 28. Hermitage Resorts Pvt Ltd

	29. Forty2 Capital 30. 2815139 Ontario Inc 31. Limestone Strategic Investments Ltd. 32. Cloud Primero Holding Co. 33. FEMVI Investment Ltd 34. Bay Vision Investco Limited
Saad Amanullah Khan	
Position	Independent Director
Address	KE House, 3rd Floor, 39-B, Sunset Boulevard, Phase-II, DHA, Karachi
CNIC No.	42301-0870735-9
Directorship in other companies	1. Fauji Fertilizer Company Limited 2. Jaffer Brothers (Private) Limited 3. NBP Fund Management Limited 4. Burque Corporation (Pvt.) Ltd 5. International Packaging Films Limited 6. ZIL Corporation 7. CTM360 8. Gillette Pakistan Limited
Imad Ullah Bosal	
Position	Non-Executive Director
Address	KE House, 3rd Floor, 39-B, Sunset Boulevard, Phase-II, DHA, Karachi
CNIC No.	34401-0645271-7
Directorship in other companies	1. Pakistan Telecommunication Company Limited 2. Pak Arab Refinery Company Limited 3. Oil & Gas Development Company Limited 4. Pakistan International Airlines Corporation Limited 5. State Bank of Pakistan
Javed Kureishi*	
Position	Non-Executive Director (GoP)
Address	KE House, 3rd Floor, 39-B, Sunset Boulevard, Phase-II, DHA, Karachi
CNIC No.	42000-0548755-9
Directorship in other companies	-
Dr. Muhammad Fakhre Alam Irfan	
Position	Non-Executive Director (GOP)
Address	KE House, 3rd Floor, 39-B, Sunset Boulevard, Phase-II, DHA, Karachi
CNIC No.	16101-3014544-5
Directorship in other companies	1. Power Planning & Monitoring Company 2. Private Power and Infrastructure Board 3. Power Holding Limited 4. Power Information Technology Company 5. National Energy Efficiency Conservation Authority 6. Public Procurement Regulatory Authority 7. National Power Park Management Company Ltd

**Pursuant to the Companies Act, 2017, directorship of GOP nominees and independent directors do not fall within the definition of "Associated Companies".*

9.2 PROFILES OF DIRECTORS

MARK GERARD SKELTON, CHAIRMAN

Mr. Mark Skelton is a Managing Director at Alvarez & Marsal (A&M) and leads the Fund Advisory Services practice in London. He brings more than 20 years of experience in corporate finance and advisory. His primary areas of concentration are advising private equity funds and their investors and cross border assignments crossing different legal jurisdictions and waterfall classes. Mr. Skelton has undertaken senior roles on numerous major UK, US, European, Emerging Markets, and Australian projects. Prior to joining A&M, Mr. Skelton held senior positions in a leading independent restructuring advisory and a Big 4 firm. Mr. Skelton is a member of the Institute of Chartered Accountants of Australia and New Zealand (CAANZ).

SYED MOONIS ABDULLAH ALVI, CHIEF EXECUTIVE OFFICER (CEO)

Joining KE in 2008, Syed Moonis Alvi held key roles in the organization as Chief Financial Officer, Company Secretary and Head of Treasury prior to his appointment as CEO in 2018. He brings to the helm 30 years of diversified financial experience and has led the creation of a future-ready entity by emphasizing digitization, customer centricity and investments across the energy value chain. He has championed numerous diversity initiatives including the global award-winning Roshni Baji program at KE and is a Fellow member of Institute of Chartered Accountants of Pakistan.

ADEEB AHMAD, NON-EXECUTIVE DIRECTOR

Adeeb Ahmad's career spans 34 years including C-suite roles. He has been involved in managing private equity funds, M&A and transformation focused on energy and other infrastructure sectors across MENA, Turkey, CIS, Southeast Asia, and Pakistan. He has been engaged with investment banking institutions in the GCC and Pakistan leading several M&A, privatization and capital raising assignments. He recently served as the CEO of Hascol Petroleum Limited. He has also served as Senior Advisor to the CEO and Deputy CEO-Designate at Islamic Corporation for the Development of the Private Sector (ICD) in Saudi Arabia. He holds an M.Sc. from the London School of Economics, UK, and an MBA from IBA, Karachi.

MUBASHER H. SHEIKH, NON-EXECUTIVE DIRECTOR

Mubasher H. Sheikh has been a Non-Executive Director of the Company since its privatization in November 2005. He joined the National Industries Group (Holding), Kuwait, in 2001 and is currently Chief Financial Officer. He is also a Non-Executive Board Member in Proclad Group Limited Dubai, UAE, a Board Member in Al Durrah National Real Estate Company, Kuwait and an Alternate Director of KES Power Limited. He graduated with a degree in mathematics and statistics from the University of Punjab and is a Fellow Member of Association of Chartered Certified Accountants, UK (FCCA).

MUHAMMAD KAMRAN KAMAL, NON-EXECUTIVE DIRECTOR

Kamran Kamal is the CEO of The Hub Power Company Limited. He has over 20 years of experience working on various projects of national importance including the Sindh Engro Coal Mining Company's (SECMC) mining and power generation projects, China Power Hub Generation Company's imported Coal project with an integrated jetty, Thar Energy & Thal Nova local coal projects as well as leading a regional energy & agricultural commodity trading business. Kamran has deep understanding of Pakistan's power market and regulatory affairs. Kamran holds a Master's degree in Public Policy from the Harvard Kennedy School and a Bachelors' degree in Electrical & Computer Engineering from the Georgia Institute of Technology.

SHAN A. ASHARY, NON-EXECUTIVE DIRECTOR

San A. Ashary has been a Non-Executive Director of the Company since its privatization in November 2005. He is a senior executive with over 40 years of proven success in managing international investments, operations of

a large, diversified group, finance, treasury, public accounting, and strategic and corporate planning. He currently serves on the boards of several companies in the USA and the Middle East. He is a Fellow Member of the Institute of Chartered Accountants of England and Wales.

SAAD AMANULLAH KHAN, INDEPENDENT DIRECTOR

Saad Amanullah Khan spent three decades with P&G including seven years as CEO of Gillette Pakistan. Currently, he is the Chairman of Public Interest Law Association of Pakistan and Pakistan Innovation Foundation, President of I AM KARACHI, and a board member of Fauji Fertilizer Company Limited, NBP Fund Management Limited, Jaffer Brothers, Burque Corporation (Pvt.) Ltd., International Packaging Films Limited, ZIL Limited and CTM360, Bahrain. He has served two terms each as President of American Business Council and on the board of Overseas Investors Chamber of Commerce & Industry (OICCI). His previous board engagements include PSX and State Life Insurance Corporation. He has two engineering degrees and an MBA from University of Michigan. He recently published a book, "It's Business, It's Personal".

IMAD ULLAH BOSAL, NON-EXECUTIVE DIRECTOR

Imdad Ullah Bosal is a career civil servant with over 28 years of experience in key administrative and policy making positions in the Government of Pakistan. Before joining as Finance Secretary on 19th May, 2023, Mr. Imdad Ullah Bosal has held important positions of Secretary, Industries & Production and Chief Secretary Khyber Pakhtunkhwa (KPK). He has also worked as Additional Secretary (Expenditure) and Additional Secretary (Banking/Investment/Inter-governmental Finance) in Ministry of Finance in the years 2020-2022. Mr. Imdad Ullah Bosal has also served as Secretary to the Chief Minister Punjab, Special Secretary Finance (Punjab) and as Commissioner of two important regions of Punjab i.e. Rawalpindi and Lahore. He has done Masters of Public Policy from Blavatnik School of Government, University of Oxford and M.Sc in Political Economy of Development (Distinction) from School of Oriental and African Studies (SOAS), University of London. He has been awarded national award of Sitara-e-Imtiaz for recognition of his contribution in public service by the Government of Pakistan.

JAVED KUREISHI, NON-EXECUTIVE DIRECTOR

Javed Kureishi is a career banker with a rich and diverse experience of more than 34 years with Citibank both in Pakistan and across 5 countries in Europe, the Middle East, Africa and Asia, where he worked for 9 years. His various roles have included Senior leadership roles in Country Management, Risk, Corporate and Institutional Banking, Strategy, and managing multinational subsidiaries and public sector businesses at the country and regional levels. Mr. Kureishi is presently working for the International Finance Corporation (IFC) as a consultant responsible for business development. He has a BA (Hons) from the University of Sussex UK.

DR. MUHAMMAD FAKHRE ALAM IRFAN, NON-EXECUTIVE DIRECTOR

Dr. Muhammad Fakhre Alam is from the Pakistan Administrative Service, currently serving as Secretary Power Division, Government of Pakistan. He has acquired extensive experience in various high-profile governmental positions. He has also served as the Principal Secretary to the Governor for the Government of Khyber Pakhtunkhwa and also as Secretary Health for Government of Khyber Pakhtunkhwa. His remarkable professional journey exemplifies his unwavering dedication and unwavering commitment to public service.

9.3 PROFILES OF KEY MANAGEMENT

SYED MOONIS ABDULLAH ALVI, CHIEF EXECUTIVE OFFICER (CEO)

Joining KE in 2008, Syed Moonis Alvi held key roles in the organization as Chief Financial Officer, Company Secretary and Head of Treasury prior to his appointment as CEO in 2018. He brings to the helm 30 years of diversified financial experience and has led the creation of a future-ready entity by emphasizing digitization,

customer centricity and investments across the energy value chain. He has championed numerous diversity initiatives including the global award-winning Roshni Baji program at KE and is a Fellow member of Institute of Chartered Accountants of Pakistan (ICAP).

ABBAS HUSAIN, CHIEF GENERATION AND TRANSMISSION OFFICER

Abbas Husain has over 24 years of experience across public and private sector organizations in areas of power operations & maintenance (O&M), project development, project execution management and business development. Mr. Abbas joined KE in 2012 and has served in the Generation and Transmission functions as an integral part of KE's corporate turnaround. At KE, his major contributions include the establishment of BQPS-II, planning of mega transmission projects, adding 200 MW through 4 IPP projects where KE signed long-term PPAs, and BQPS-III (900MW) RLNG combined cycle power plant. Mr. Husain holds a BE (Electrical) degree from NED University.

SADIA DADA, CHIEF DISTRIBUTION & MARCOMMS OFFICER

Sadia Dada leads Distribution, Marketing, Communications, ESG, and Customer Experience at KE. With experience in brand building, sustainability and reputation management, Sadia drives KE's goal of agile, seamless and transparent customer experiences across her functions through initiatives driven by digitalization and social impact. She has previously served as Director of Communications at KE and Philip Morris Pakistan besides holding positions at Unilever, Nestle, and Mobilink (now Jazz). Sadia is an alumna of Lahore University of Management Sciences (LUMS). She serves on the NOWPDP Board of Advisors and is the founder of Women in Numbers, an online community for working women.

MUHAMMAD AAMIR GHAZIANI, CHIEF FINANCIAL OFFICER

Muhammad Aamir Ghaziani has more than 25 years of diversified experience in areas of finance, corporate and strategic planning, risk management, regulatory compliance, and business turnarounds. He joined KE in 2008 and has served in senior roles in Finance and Regulatory Compliance, before being appointed as the Company's Chief Financial Officer in 2018. Mr. Aamir is Chairman and Board member of K-Solar and also serves on the Board of KEVCL. Aamir is a Fellow member of ICAP and a Certified Director from PICG. He started his career with A.F. Ferguson & Co. (a member firm of PwC global network) and has attended executive management programs from prestigious institutions including INSEAD. An advocate of community development, Aamir volunteers with various social uplift organisations, and serves on Chamber committees as a sought-after expert on power industry matters.

RIZWAN DALIA, CHIEF PEOPLE OFFICER

Rizwan Dalia joined KE in 2008 and served in senior roles within the Finance and Corporate Affairs functions before his appointment as Chief People Officer (CPO) in 2018. Rizwan started his career with A. F. Ferguson & Co. (a member firm of PwC global network). He has previously served at Pakistan State Oil, is a Fellow of ICAP and a PICG Certified Director. He is also a member of the Board of Governors at Pakistan Society for Training and Development, and an Executive Committee member for Pakistan Society for Human Resource Management. He is a frequent speaker at various forums on topics and is an avid golfer.

RIZWAN PESNANI, CHIEF RISK OFFICER & COMPANY SECRETARY

Rizwan Pesnani was appointed as Chief Risk Officer and Company Secretary in 2021. In addition to Risk Management and Corporate Affairs, he also oversees Legal and Cybersecurity functions. Mr. Rizwan Pesnani joined KE in 2013 and was leading the Treasury and Corporate Finance function of K-Electric prior to taking on this role. Rizwan has over 30 years of rich and diversified experience in the public and private sector, having worked within and outside Pakistan in Central Bank, Utility & Infrastructure sectors in areas of Finance, Risk

Management, Financial Planning & Management, Corporate Governance, Corporate Finance and Project Development & Finance. He is a fellow member of ICAP and a Certified Director from PICG.

WAHID ASGHAR, CHIEF OF SECURITY

Wahid Asghar serves as KE's Chief of Security, overseeing Security Operations, Criminal Litigation, Works & Estate, Administration & Facility Management, Complaints via the Speakup Channel, Task Force Operations and KE Police Station. Since joining KE in 2009, he has enhanced security protocols, fortifying critical assets through advanced surveillance, access control, and threat mitigation measures. He streamlined processes in Works & Estate, optimizing land acquisitions, property documentation, and developed a centralized real estate database. Being a veteran, he served for 28 years in Pakistan Army on key local and international assignments, specializing in security strategy and crisis management. Wahid is a recipient of *Tamgha-e-Basalat* and two Chief of Army Staff Commendation Cards for exemplary service and leadership.

IMRAN QURESHI, CHIEF REGULATORY AFFAIRS OFFICER

Imran Qureshi has over 30 years of experience in leadership roles held locally and globally. Before joining KE, Imran successfully led business turnarounds, business advocacy and high impact crisis and reputation management in senior roles which include Head of Government Relations at Shell Pakistan Limited, EVP at Pakistan Telecommunications Company Limited (PTCL) as well as Country Manager: South and South-East Asia at Thuraya Satellite and Telecommunications Company Ltd Abu Dhabi, UAE. Mr. Qureshi holds a Master's degree in Business Administration from the University of Birmingham (UK), and a Bachelor's degree in Mechanical Engineering from the University of Engineering & Technology (UET), Lahore.

9.4 POWER OF DIRECTORS

In accordance with section 183 of the Companies Act 2017 ("the Act"), and the Articles of Association ("the Articles") of the Company, the authority to conduct business of the Company is vested with its Board of Directors and they may exercise all such powers of the Company as are not required, by the Companies Act 2017 or the Articles of Association of the Company or by a special resolution to be exercised by the Company in the general meeting of the shareholders.

9.5 NUMBER OF DIRECTORS

Pursuant to Section 154 of the Act, a listed Company shall not have less than seven (7) directors. At present, the Board consists of 10 directors, including the Chief Executive Officer. However, the total size of the Board is 13 and there are currently 3 casual vacancies on the Board.

9.6 QUALIFICATION OF DIRECTORS

No person shall be appointed as a Director of the Company who is ineligible to be appointed as Director on any one or more of the grounds enumerated in Section 153 of the Act or any other law for the time being in force.

9.7 ELECTION OF DIRECTORS

The Directors shall comply with the provisions of Sections 154 to 159, 161, 166 and 167 of the Act relating to the election of Directors and matters ancillary thereto. Thirteen (13) Directors of the Company were elected/nominated effective July 29, 2022.

9.8 REMUNERATION OF DIRECTORS

Pursuant to Section 170 of Companies Act 2017 and in exercise of powers vested through Article 61 of Articles of Association of the Company, the remuneration of a Non-Executive Director for attending a meeting of the Board shall be PKR 250,000 for each meeting, and for attending a meeting of the Committee formed by the Board shall be PKR 200,000/- for each such meeting. The Chairman of Board of Directors and Chairmen of all Committees formed by the Board shall be paid an additional fee amounting to PKR 75,000 for each meeting attended by him.

9.9 INTEREST OF DIRECTORS ALONG WITH NUMBER AND VALUE OF SHARES HELD

The Directors may be deemed to be interested to the extent of fees payable to them for attending Board meetings. The Directors performing whole-time service to the Company may also be deemed to be interested to the extent of the remuneration payable to them by the Company. The Directors may also be deemed to be interested to the extent of any shares held by each of them in the Company and/or the Sukuk applied for and allotted to them through the public Issue.

9.10 INTEREST OF DIRECTORS IN PROPERTY/ASSET AND PROFIT OF THE COMPANY

None of the Directors of the Company had or has any interest in any property acquired by the Company within the last two years.

9.11 BENEFITS TO DIRECTORS

No benefit has been given or is intended to be given by the Company to the directors of the Company other than remuneration for services rendered by them as full-time executives of the Company.

9.12 BORROWING POWERS OF DIRECTORS

The Directors may from time to time raise or borrow any sum or sums of money or make any arrangement of finance for the purpose of the Company. The Directors may raise or secure the payment of such sum or sums or financial arrangement in such manner and upon such terms and conditions in all respects as they think fit and in particular by making, drawing, accepting or endorsing on behalf of the Company any promissory notes or bills of exchange or by issuing bonds, perpetual or redeemable debentures or debenture stock or any mortgage, charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future) but no such charge shall be created on unpaid capital of the Company.

9.13 INDEMNITY AVAILABLE TO DIRECTORS AND OTHER EMPLOYEES OF THE COMPANY

Pursuant to Article 25 of KE's Articles of Association, if Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable aforesaid from any loss in respect of such liability.

9.14 BOARD AUDIT COMMITTEE

The role of the Board Audit Committee (BAC) in the context of the Board's broader governance framework is to monitor the integrity of the financial information and provide comfort to the Board that the Company's internal

controls and risk management framework are appropriately designed, implemented and regularly reviewed. The Board Audit Committee comprises the following members:

1. Saad Amanullah Khan, Chairman
2. Mark Gerard Skelton, Member
3. Mubasher H. Sheikh, Member

9.15 BOARD HUMAN RESOURCE & REMUNERATION COMMITTEE

The Board Human Resource and Remuneration Committee comprises the following members:

1. Saad Amanullah Khan, Chairman
2. Mark Gerard Skelton, Member
3. Javed Kureishi, Member
4. Shan A. Ashary, Member
5. Muhammad Kamran Kamal, Member
6. Syed Moonis Abdullah Alvi, CEO, Member

9.16 CORPORATE GOVERNANCE

The Company makes all out efforts to comply with the applicable rules and regulations inter alia including the Listed Companies (Code of Corporate Governance) Regulation, 2019. Further, a statement of compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 for the year ended June 30, 2023 is included in the annual report of the Company.

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PART X

10 LEGAL PROCEEDINGS, OVERDUE LOANS & CONTINGENCIES**10.1 LEGAL PROCEEDINGS**

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

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

Considering the above proceedings and the expert opinion obtained by KE, KE's management believes that KE has reasonable prospects of success in the cases pending before the HCS. Without prejudice to KE's aforementioned legal position and on the basis of abundant caution, a provision amounting to PKR 25,232 Million is being maintained by KE in this respect.

2. On January 22, 2015, NEPRA issued an order directing KE to discontinue charging of meter rent to the consumers, refund the total amount collected to the consumers and also imposed a fine of PKR 10 Million on KE.

KE filed a review application with NEPRA against the aforementioned order and challenged the order on various grounds including that the direction issued by NEPRA is ultra vires and also that NEPRA has ignored certain provisions of its own rules and regulations which allows KE to charge meter rent from its consumers. The review application filed by KE with NEPRA was dismissed in April 2015. Thereafter, KE filed a constitutional petition before the HCS, which is pending to date. Meanwhile, a stay has been granted to KE against any coercive action by NEPRA. The KE's management in accordance with the advice of its external counsel believes that KE has reasonable prospects of success in the above-mentioned constitutional petition. KE's management in accordance with the advice of its legal advisor expects a favourable outcome of the above-mentioned constitutional petition. However, on the basis

of prudence and as an abundant caution, KE carries a provision of PKR 326 Million on account of meter rent charged from January 22, 2015 up to June 30, 2016. Further, NEPRA has excluded meter rent from “Other Income” component of tariff in the MYT decision effective from July 1, 2016. Accordingly, there is no dispute between KE and NEPRA on the matter of meter rent with effect from July 1, 2016.

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

KE is of the view that such charges were being collected from the consumers as per the directives of the State Bank of Pakistan and as per NEPRA’s approval dated July 21, 2010 issued in this regard and these were never made part of MYT 2009-16. Therefore, in accordance with the advices obtained from its external counsel, the management believes that KE has reasonable prospects of success in this case. Accordingly, no provision has been recognised in this respect. Further, NEPRA has separately included bank charges in the operations and maintenance component of tariff in the MYT Decision effective from July 1, 2016. Accordingly, there is no dispute between KE and NEPRA on the matter of bank charges with effect from July 1, 2016.

4. The Government of Pakistan promulgated GIDC Act 2011, GIDC Ordinance 2014 and GIDC Act 2015 for collection of Gas Infrastructure Development Cess (GIDC) from gas consumers (both power sector and industrial sector) other than domestic consumers. Single bench of the High Court of Sindh through its judgment (by consolidating all similar cases) dated October 26, 2016 held the GIDC Act 2011, GIDC Ordinance 2014 and GIDC Act 2015 to be ultra vires and un-constitutional and held that the amounts collected in pursuance of the above laws are liable to be refunded / adjusted in the future bills, therefore all amounts previously paid by KE to SSGC amounting to PKR 4,672 Million, in respect of GIDC, became immediately due and recoverable from SSGC.

Subsequently, GoP filed an appeal before the divisional bench of the HCS challenging the above judgment (in respect of few other parties), whereby the decision of the single bench was suspended by the divisional bench of the HCS on November 10, 2016. During the year ended June 30, 2020, Honourable High Court of Peshawar (HCP) ruled that the GIDC Act 2015 was constitutional. Aggrieved parties filed an appeal before the Supreme Court of Pakistan (SCP) to challenge the decision of the HCP. KE was impleaded as a party in the said appeal on the basis of its Intervenor Application.

The SCP vide its decision dated August 13, 2020, has dismissed all the petitions and related appeals in matter of GIDC and declared GIDC Act 2015 to be valid, being within the legislative competence of the parliament. Further, as per this decision, the companies responsible to collect GIDC under the GIDC Act 2015 were directed to recover all arrears of GIDC due but not recovered up to July 31, 2020, in 24 equal monthly installments starting from August 1, 2020 without the component of late payment surcharge. KE filed a review petition, and the SCP dismissed the review petition through its order dated November 2, 2020, however, installments for payment of GIDC arrears have been increased to 48 from 24.

In respect of the above, KE filed a suit before the HCS which is pending while KE obtained a stay order dated October 6, 2020 whereby, the HCS has restrained SSGC and the GoP from taking any coercive action for non-payment of installments of GIDC arrears, on the grounds amongst others that KE 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 HCS is still valid and operational.

KE, based on the views of its legal counsel, is of the opinion that KE in its suit before the HCS has raised substantive grounds and has fairly reasonable prospects of success if the courts accept the abovementioned interpretation / grounds. It has been contended that in the presence of a valid Decree passed by the HCS, no GIDC can be imposed during the time such Decree is in the field. Accordingly, no liability and the related receivable amounting to approximately Rs. 35,822 million respectively in respect of GIDC has been recognized in these unconsolidated financial statements. However, if the eventual outcome of the suit filed before the HCS results in any amount payable by KE on account of GIDC, it will be ultimately recovered through the MYT as a pass-through item.

5. As part of MYT decision, NEPRA through its order dated July 5, 2018, directed KE to pay interest on security deposit collected from consumers. However, KE disagreed with the direction of NEPRA, being without any lawful justification and discriminatory as no other power utility company in Pakistan is required to pay interest on security deposit. Accordingly, KE filed a constitutional petition in the HCS on May 30, 2019 on the grounds that the Appeal before NEPRA Appellate Tribunal is pending and since, the Tribunal is not functional NEPRA may be restrained to take any action against KE till the Appeal is decided on merits. The HCS through its order dated May 30, 2019 has restrained NEPRA from taking any coercive action against KE.

In January 2021, NEPRA issued an amendment in the Consumer Service Manual (CSM) and introduced requirement for keeping security deposit in separate bank account and directed that profits so received from the same shall be mentioned in the tariff petition for passing on the benefit to consumers.

Further to above, in 2022, NEPRA through its Mid Term Review (MTR) decision adjusted the profit on consumers' security deposits from the KE's working capital requirement, thereby passing the benefit in the tariff. Accordingly, based on this adjustment, management understands that payment of profit on such security deposits is no longer required under MYT Decision and CSM till the end of current MYT.

Additionally, KE has also requested NEPRA to amend the requirement of CSM for maintaining a separate bank account and transferring the profit to consumers, in case if benefit is already being passed to consumers in the form of reduction in working capital requirement, response to which is awaited.

10.2 OVERDUE LOANS & CONTINGENCIES

1. Mark-up on overdue balances with National Transmission and Dispatch Company (NTDC) / Central Power Purchasing Agency (Guarantee) Limited (CPPA), a major government owned power supplier, has not been accrued in these unconsolidated financial statements. With effect from June 2015, CPPA has assumed the central power purchase division of NTDC along with the related assets, rights and liabilities of NTDC, including alleged receivables from KE. KE 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 Government of Pakistan (GoP) through payment of KE's tariff differential claims directly to NTDC. The PPA with NTDC has expired on January 25, 2015. However, the supply of electricity of 650 Megawatts (MW) was provided as per and in line with the High Court of Sindh's order dated

February 6, 2014 as passed in the Suit No. 205/ 2014, which suit has been withdrawn on 18-01-2024 after signing of Power Purchase Agency Agreement (PPAA) between KE and CPPA on January 5, 2024 and Interconnection Agreement (ICA) between KE and NTDC which was approved by NEPRA on February 15, 2024 as more fully explained in subsequent paragraphs. Up to June 30, 2023, the GoP has released KE's tariff differential claims aggregating Rs. 1,040,429 million (2023: Rs. 742,909 million) directly to NTDC / CPPA. Additionally, KE has also directly paid Rs. 67,167 million up to June 30, 2023 (2022: Rs. 67,167 million) to NTDC / CPPA on account of its outstanding dues on an agreed mechanism. Moreover, in accordance with Cabinet Committee on Energy (CCoE)'s decision dated August 27, 2020 and subsequent to completion of rehabilitation work, the overall interconnection capacity has been enhanced to 1,400 MW and the supply of electricity from NTDC / CPPA has been increased to 1,100 MW in order to meet additional demand and has been billed in line with the terms of PPA.

During the year, as per the PPAA and ICA signed with CPPA-G and NTDC respectively, KE shall be supplied firm capacity of 1,000 MW from National Grid while any supply over and above the firm 1,000 MW and upto the Transmission Interconnection Capacity will be available to KE on pro-rata basis with other DISCOs. Subsequent to year end, pursuant to energization of Dhabeji and KKI Grid, power supply as aforementioned have been initiated.

Under the PPAA, payment with respect to purchase shall be made by the Company within the due date to the CPPA which shall also be guaranteed through a Master Collection Account setup for this purpose, however, in accordance with TDS agreement signed between the Company and the Government of Pakistan, the Company has the right to set-off the TDS claims with the amount payable to CPPA in respect of power purchase if TDS is not released to the Company within the due date. Furthermore, under the PPAA, the Company shall be liable to pay interest at KIBOR plus 3.5% for the payment delayed in respect of TDS amount so adjusted by the Company. However, the Government shall also be liable to pay mark-up at the same rate (i.e. at KIBOR plus 3.5%) charged by CPPA for delay in the release of TDS Claims to the Company. Moreover, if NEPRA does not determine tariff within the stipulated timelines as per the regulatory framework, the Company shall be entitled to mark-up at KIBOR plus 3.5%, as pass-through in tariff. Additionally, in case of any dispute regarding payment to CPPA or TDS claims, respective parties shall make full payment with respect to power purchase or TDS claims and upon resolution of dispute, if any amount is determined to be paid by CPPA under the PPAA or the Company under TDS, CPPA or the Company shall pay the disputed amount along with KIBOR + 6% under the respective agreements, as the case may be.

2. On June 22, 2018, NTDC / CPPA filed a suit in the District 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, which is pending adjudication 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 reconciliation and correspondence received afterwards. NTDC / CPPA's mark-up claim up to June 30, 2023 amounts to Rs. 173,996 million (2022: Rs. 113,720 million) which is on the premise that while the outstanding amounts were to be adjusted against tariff differential claims, KE is eventually responsible for payments of all outstanding amounts, including mark-up. However, KE has not acknowledged the disputed mark-up claimed by NTDC / CPPA as debt, as KE 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 KE on timely basis.

3. In addition to above, the mark-up claimed by Sui Southern Gas Company Limited (SSGC) on indigenous gas upto June 30, 2023 aggregates to Rs. 181,866 million (2023: Rs. 151,287 million), which has not been accrued by KE. In view of KE, the unilateral reduction of gas by SSGC in year 2009-10, in violation of the 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 in ensuing paragraphs, significantly affected KE's liquidity and hence the mark-up claim is not tenable.
4. In the year ended June 30, 2013, SSGC filed a suit against KE, in the Honourable High Court of Sindh (HCS) 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. KE also filed a suit, against SSGC in the HCS 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 KE. On October 7, 2019, the Court vacated a stay order dated December 3, 2012 granted in favour of SSGC which restrained KE from selling its immovable properties. Subsequently, SSGC had filed an appeal bearing HCA No. 353/2019 before the HCS which is pending. Both these suits and HCA is pending adjudication to date. KE has also initiated contempt proceedings against MD SSGC for violation of order dated June 13, 2018 in Suit No. 4615 of 2018 which is pending before the HCS.
5. Further, KE 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 KE on supply of adequate gas by SSGC. The dispute of mark-up claim has also been mentioned in the payment plan. KE's management is of the view that the principal payments made by KE 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 KE's view is not tenable.
6. KE had filed an application CMA No. 12178/2018 in pending Suit No. 1263/2011 (Suit filed by KW&SB) before the HCS for payment of outstanding liability of approximately Rs. 27,500 million by the Government of Sindh (GoS). After hearing the parties, the HCS vide order dated November 18, 2021 allowed the application in favour of KE whereby, the Government of Sindh has been directed to pay the outstanding liability of KW&SB amounting to Rs. 27,500 million to KE and accordingly submit a payment plan. Government of Sindh has still not complied with the order dated November 18, 2021 for which the management is deliberating on initiating contempt proceedings.
7. During FY 2022, a Task Force was constituted by the Honorable Prime Minister of Pakistan to resolve issues faced by KE including historic disputes around receivables and payables with Government entities and departments. Based on recommendations of the Taskforce, during the year, a Power Purchase Agreement, Interconnection Agreement, Tariff differential Subsidy Agreement and a Mediation Agreement were finalized and signed by the relevant parties, which has also been approved by the relevant authorities i.e. Cabinet and NEPRA, as the case may be. Under the Mediation agreement signed jointly by the NTDC, CPPA, the Company and the Government of Pakistan, the Mediator, in making his determination, shall examine the facts and circumstances which led to the current proceedings and shall apply fair methods of calculation. The Mediator's determination, upon agreement of the parties, shall be final and binding on all the parties to the Agreement. The Parties

have also agreed to abide by and implement the Mediator's determination as agreed and not to challenge the determination before any court or forum within or outside Pakistan. Mediator shall render his determination within sixty (60) days from the date of appointment as Mediator, extendable by a further thirty (30) days if mutually agreed upon by the parties. The Mediation proceedings are currently in process and the Parties have requested the relevant authority i.e. Cabinet to extend the determination timeline. It is also expected that the Government of Sindh, a significant stakeholder, not initially part of this agreement would also be included in the agreement and necessary amendments will be made in the Mediation Agreement to allow the Mediator to arrive at a fair conclusion.

8. During FY 22, KE's working capital position was further strained mainly due to the significant increase in fuel prices and accumulation of balance of tariff differential claims. Further, SSGC did not supply the minimum required quantity of indigenous gas as per the CCOE decision dated April 23, 2018, order dated April 17, 2018 and June 13, 2018 of the Honorable Sindh High Court, resulting in higher fuel costs for KE in the form of RLNG. As a result, all the working capital lines of KE severely stressed. KE had conveyed this situation to Ministry of Energy (Power Division) and consequentially KE had to delay the current payments of SSGC bills for RLNG. SSGC, in response claimed markup on the delayed payments of RLNG aggregates to Rs. 6,831 million up to June 30, 2024 (2023: Rs. 5,256 million) which has not been accrued by KE on the grounds that the delay in payment is due to delay in receipt from public sector entities, and on the net principal basis KE is in a net receivable position. Further, SSGC had proceeded with request for encashment of two Bank Guarantees collectively amounting to Rs. 6 billion in respect of the outstanding dues of KE against its RLNG bills. However, KE obtained stay order from the HCS dated July 04, 2022 in Suit No. 1148 of 2022 on the grounds that the bank guarantees were furnished as security against supply of indigenous gas, whereby the HCS restrained the banks from encashment of bank guarantees issued in favor of SSGC.
9. Subsequent to reporting date, a settlement agreement has also been signed between SSGC and KE on July 31, 2023 in respect of outstanding dues related to RLNG billing, wherein the following was agreed; i) payment plan of principal dues by KE, ii) upon payment of principal dues SSGC to withdraw its request for encashment of KE's Bank Guarantees and similarly KE will also withdraw its Suit No. 1148 of 2022 filed in HCS, iii) any late payment surcharge (LPS) receivable from KE against the RLNG outstanding principal amount shall be considered payable by KE only if SSGC is required to pay LPS to other government entities pursuant to holistic settlement among government entities and SSGC, and shall be on the same terms, and iv) the settlement agreement shall not in any manner affect the previous/ ongoing disputes and litigation between SSGC and KE in relation to indigenous gas.

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 GoP as well as delayed settlement of KE's energy dues by certain public sector consumers (e.g. KW&SB). This contention of KE's management is also supported by the legal advices that it has obtained. Hence, mark-up / financial charges on outstanding liabilities due to government-controlled entities will only be payable by KE as part of holistic settlement where KE will receive mark-up on outstanding receivable balances on account of tariff differential claims and energy dues of KE's public sector consumers.

Without prejudice to the aforementioned position of KE and solely on the basis of abundant caution, a provision amounting to Rs. 5,269 million (2022: Rs. 5,269 million) is being maintained by KE in these unconsolidated financial statements on account of mark-up on delayed payment.

10.3 CLAIMS NOT ACKNOWLEDGED AS DEBTS

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

Claims Description (in PKR '000)	FY22	FY23
Fatal accident cases	5,715	5,715
Architect's fee in respect of the Head Office project	50,868	50,868
Outstanding dues of property tax, water charges, custom duty, ground rent and occupancy value	8,986,844	9,271,877

The Company does not have any legal proceedings other than related to Company's normal course of business and that could have material impact on the company. Based on the opinion of the Company's legal counsel, the management believes that the outcome of these cases will most likely be in favour of the Company.

10.4 ACTIONS TAKEN BY PSX AGAINST THE ISSUER OR ASSOCIATED LISTED COMPANIES OF THE ISSUER DURING THE LAST THREE YEARS DUE TO NON-COMPLIANCE OF ITS REGULATIONS

No action has been taken by the PSX against the Issuer or its associated companies over which the Issuer has control.

10.5 DETAILS OF OVERDUE AMOUNT

There are no overdue balances to any financial institutions established in Pakistan appearing in the Credit Information Bureau (CIB) report of the Issuer, its sponsors, substantial shareholders, directors and associated group companies over which the Issuer has control.

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PART XI

11 UNDERWRITING ARRANGEMENT, COMMISSION, BROKERAGE AND OTHER EXPENSES**11.1 UNDERWRITING ARRANGEMENT**

Regulation 13(4) of the Public Offering Regulations, 2017 (as amended from time to time) allows for waiver from underwriting arrangements for the public offer of Sukuk Issue where, *inter alia*, the utilization of proceeds of the Sukuk Issue is solely for meeting working capital requirements. The utilization of proceeds as mentioned in part 2.4 and 4.1 of this prospectus meets the conditions as set out in aforementioned regulation. Therefore, KE is not required to and has not underwritten the IPO portion of this Sukuk Issue.

11.2 FEES AND EXPENSES FOR PSX E-IPO SYSTEM (PES) AND CENTRALISED E-IPO (CES) SYSTEM

Commission on application received through the e-IPO Systems of PSX and CDC will be paid to PSX and CDC which shall not be more than 0.8% of the amount of the total applications. PSX and CDC will share the fee with other participants of the e-IPO System at a ratio agreed amongst them.

11.3 COMMISSION TO THE BANKERS TO THE ISSUE

A commission at the rate of 0.25% of the amount collected, in respect of successful applications will be paid to the Bankers to the Issue for services to be rendered by them in connection with the Public Offer.

11.4 BROKERAGE COMMISSION

Brokerage shall be paid to the TREC holders of PSX, at the rate of [0.25]% of paid-up value of Sukuk actually sold through them.

11.5 EXPENSES TO THE ISSUE

The initial expenses of the issue paid or payable by the Company inclusive of commission to the Bankers to the Issue and members of the PSX, etc. are estimated to be as follows:

Expenses to the Issue	Rate	Amount (PKR)
Commission to the Bankers to the Issue	0.25%	5,000,000
CDC and PSX E-IPO Services*	0.8%	3,200,000
TREC Holders Commission	0.25%	1,000,000
Bankers to the Issue's Out of Pocket Expenses		500,000
Consultant to the Issue Fee		1,500,000
Issuance/Investment Agent Fee		1,500,000
Rating Fee		500,000
Transaction Legal Counsel		3,200,000
Exclusive Mandated Lead Advisor and Arranger Fee		15,000,000
Shariah Advisors Fee		1,600,000
CDC Annual Fee for Eligible Security	p.a.	800,000
CDC Fresh Issue Fee	0.04%	1,200,000

PSX Initial Listing Fee		2,250,000
PSX Annual Listing Fee		1,000,000
SECP Processing Fee		100,000
SECP Supervisory Fee		325,000
SECP fees for Shariah Compliant Certificate		50,000
Auditors for preparation of various certificates		500,000
Printing, Publication of Prospectus / Application Forms		600,000
Marketing		8,000,000
Balloter & Share Registrar Fee etc.		1,300,000
Miscellaneous Costs		2,000,000
Total		51,125,000

Note:

- Commission for Banker to General public is based on assumption of 100% general public subscription through Bankers to the Issue.
- *PSX and CDC E-IPO fee is 0.8% of the general portion based on the assumption, if 20% of the general subscription portion is subscribed through E-IPO. The actual cost is dependent on the subscriptions received through E-IPO.
- Stamp duty fee (if any) will be paid as per applicable law
- All fees are excluding Sales Tax/FED

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PART XII

12 MISCELLANEOUS INFORMATION

12.1 REGISTERED OFFICE/CORPORATE OFFICE

Address: KE House, 39 B, Sunset Boulevard, Phase II, DHA, Karachi

Tel: 021-32637133, 111-537-211

Fax: 021-99205165

Website: www.ke.com.pk

12.2 BANKERS TO THE COMPANY

S. No.	Name	Address	Contact #	Email
1	AKA Ausfuhrkredit-Gesellschaft M.B.H	Grosse Gallusstrasse 1-7, 60311, Frankfurt (Main), Germany	+49 69 29891-239 & +49 69 29891-269	Robert.ferencak@akabank.de
2	Al Baraka Bank (Pakistan) Limited	Al Baraka House 162 Bangalore Town, Main Shahrah-e- Faisal, Karachi, Pakistan	+92 21 111 113 442	durre.shehwar@albaraka.com.pk
3	Allied Bank Limited	2 nd Floor, Bath Island Building, Main Clifton Road, Karachi, 75600	+92 21 111 225 225	hamza.hassan@abl.com
4	Askari Bank Limited	3 rd Floor, Plot No. BC-1, Block 9, Scheme-5 Clifton Karachi	+92 51 8092000	sufyan.ahmed@askaribank.com.pk
5	Bank Alfalah Limited	Bank Alfalah Limited – B.A. Building Mezzanine Floor, I.I. Chundrigar Road, Karachi	+92 21 111 225 111	faraz.hyder@bankalfalah.com
6	Bank Islami Pakistan Limited	13 th Floor Executive Tower, Dolmen City, Clifton Block-4, Karachi, Pakistan	+92 21 111 475 264	faraz.abbas@bankislami.com.pk
7	Bank makramah limited	Bakht Tower, 12 th Floor, Plot No. G-2, Block 2, Clifton, Karachi	+92 21 111 124 365	ambreen.niaz@summitbank.com.pk
8	Bank of China Limited, Shanghai Branch	37 th Floor, Bank of China Tower, 200 Yin Cheng Rd., Pu Dong, Shanghai 200120, China.	+8621 5037 5012	Hullykigs_sh@bank-of-china.com
9	Bank of Punjab	5-C Lane 4, Khayaban-e-Shahbaz, Phase VI, DHA, Karachi	+92 42 35783700-10	marva.queshi@bop.com.pk
10	China Bohai Bank Co. Ltd Tianjin Branch	No. 205-207, Apartments Ruihai Bottom Merchandise, Xiang Wei Road, Hebei District, Tianjin, P.R. China	+86 022 5967 1960	Wt.yang@cbhb.com.cn
11	China CITIC Bank Corporation Limited, Harbin Branch	4155-4165 LiJiang Rode, Daoli District, Harbin China	+86 0451 5118 9106	Liuyming_hrb@citicbank.com
12	China Construction Bank Corporation, Heilongjiang Branch (CCB Heilongqjiang)	7 Sandadongli Road, Xiangfang Dist. Harbin Heilongjiang Province, China	+86 0451 5551 2144	HL_dlh_gsywb.hl@ccb.com
13	Credit Suisse AG	Uetlibergstr. 231 (C2), Zurich	+41 44 334 6422	Exportfinance.international@credit-suisse.com & Portfolio.admin@credit-suisse.com
14	Deutsche Bank Aktiengesellschaft, Filiale Hong Kong	27/F, Deutsche Bank Tower, No. 81, Jian'guo Avenue, Chaoyang District, Beijing, P.R. China	+86 10 5969 8148	Danial.qian@db.com
15	Deutsche Bank AG	Deutsche Bank AG, Taunusanlage 12, 60325 Frankfurt	+49 69 910 34890	Juergen.rath@db.com

16	Dubai Islamic Bank Pakistan Limited	Hassan Chambers, Dubai Islamic Bank Pakistan Limited	+92 21 35368531	usman.kh@dibpak.com
17	Dubai Islamic Bank Pakistan Limited	Hassan Chambers, Dubai Islamic Bank Pakistan Limited	+92 21 35368531	Usman.kh@dibpak.com
18	Faysal Bank Limited	Faysal House, ST-02, Shahrah-e-Faisal, Karachi	+92 21 111 747 747	NadirKhan@faysalbank.com
19	First Women Bank Limited	S.T.S.M. Foundation Building, Beaumont Road, Civil Lines, Off Dr. Ziauddin Ahmed Road, Karachi	+92 21 111 676 767	zahida.begum@fwbl.com.pk
20	Habib Bank Limited	HLB, 2/F, HBL Plaza, I.I. Chundrigar Road, Karachi	+92 21 111 111 425	Tayyab.majid@hbl.com
21	Industrial & Commercial Bank of China Limited	55 Fuxingmennei Avenue, Xicheng District, Beijing, China	+8610 8101 3839	dujingyu@icbc.com.cn
22	JS Bank Limited	JS Bank Boat Basin Branch, Karachi	+92 (21) 111-654-321	zeeshan.queshi@jsbl.com
23	MCB Bank Limited	19 th Floor MCB Tower, I.I. Chundrigar Road, Karachi	+92 21 111 000 622	saba.liaqat@mcb.com.pk
24	MCB Islamic Bank Limited	Mezzanine Floor, Al Haram Corner, Plot No. 167-A, Block-3, PECHS, Khalid Bin Waleed Road, Karachi	+92 42 34501000	kanwal.fatima@mcbislamicbank.com
25	Meezan Bank Limited	Meezan Bank Limited, 2nd Floor, Meezan House, C-25, Estate Avenue, S.I.T.E., Karachi	+92 21 99220100	m.arsalan@meezanbank.com
26	National Bank of Pakistan	1st Floor, Head Office Building, I.I. Chundrigar Road, Karachi 74000, Pakistan	+92 21 99220100	tabish.shaiikh@nbp.com.pk
27	Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	Anna van Saksenlaan 71, 2593 HW The Hague The Netherlands	+31 70 32461 87	Monen-as-eca@fmo.nl
28	Pak Brunie Investment company Limited	Horizon Vista Plot Commercial No.10 , Block No 4 Scheme No.5 Clifton, Karachi.	+92-21-35361215-19	warda.maqbool@pakbrunei.com.pk
29	Pak China investment company limited	Saudi Pak Tower, 13 th Floor, 61-A, Jinnah Avenue, Blue Area, Islamabad	+92 51 2099622	Hussain.rattani@pakchinainvest.com
30	Pak Kuwait investment company Limited	4 th Floor, Block-C, Finance & Trade Centre, Shahrah-e-Faisal, Karachi-Pakistan	0092-21-111 611 611	Umair.ajjaz@pkic.com
31	Samba Bank Limited	Sidco Avenue Center, 7th Floor, MDM Wafa Road, Saddar, Karachi - 74200, Pakistan	+92 21 111 172 622	Ashma.Nisar@samba.com.pk
32	Societe de Promotion et de participation pour la cooperation economique	151 rue Saint Honoré 75001 Paris France	+33 1 53 44 42 94	ENI.support@proparco.fr
33	Soneri Bank Limited	PNSC Building - 10th Floor, M.T. Khan Road, Karachi	+92 21 111 766 374	arsalan.masood@soneribank.com
34	Standard Chartered Bank (Dubai International financial Centre Branch)	Standard Chartered Bank, Building 1, Dubai International Financial Centre (DIFC), P.O. Box 999, Dubai-UAE	+971 4 5083245	LoansAgencyUK@sc.com
35	Standard Chartered Bank (Pakistan) Limited	4th Floor, Head Office, I.I Chundrigarh Road, Karachi, Pakistan	+92 21 111 722 724	elain.noronha@sc.com
36	Standard Chartered Bank (UK)	1 Basinghall Avenue London, EC2V 5DD, United Kingdom	+44 207 885 5345	LoansAgencyUK@sc.com
37	United Bank Limited	14 th Floor, UBL Head Office, I.I. Chundrigar Road, Karachi	+92 21 111 825 888	mohammad.basit@ubl.com.pk

12.3 BANKERS TO THE ISSUE

1. Allied Bank Limited
2. Bank Al Habib Limited
3. Bank Alfalah Limited
4. Bank Islami Pakistan Limited
5. Bank of Punjab
6. Dubai Islamic Bank Pakistan Limited
7. Faysal Bank Limited
8. Habib Bank Limited
9. Habib Metropolitan Bank
10. Meezan Bank Limited
11. MCB Bank Limited
12. MCB Islamic Limited Bank
13. United Bank Limited

12.4 AUDITORS OF THE COMPANY

A.F. Ferguson & Co.

State Life Building No. 1-C,
I.I. Chundrigar Road, Karachi
Tel: 32426682-6/ 32426711-5
Fax: +92 (21) 32415007/32427938
Website: www.pwc.com

12.5 LEGAL COUNSEL TO THE ISSUE

Mohsin Tayebaly & Co.

1st Floor, Dime Centre, BC-4,
Block 9, Kehkashan, Clifton, Karachi, Sindh
Tel: (92-21) 111-682-529
Website: <http://mtclaw.com.pk>

12.6 INVESTMENT AGENT TO THE ISSUE

Habib Bank Limited

HBL Tower, Plot No. G-4, Block No. 7, Clifton,
Karachi, Pakistan
Tel: 021-331 16504
Email: burhan.nasir@hbl.com
Website: www.hbl.com

12.7 CONSULTANT TO THE ISSUE

Habib Bank Limited

HBL Tower, Plot No. G-4, Block No. 7, Clifton,
Karachi, Pakistan
Tel: 021-331 16504
Email: burhan.nasir@hbl.com
Website: www.hbl.com

12.8 COMPUTER BALLOTTER AND SHARES REGISTRAR

CDC Share Registrar Services Limited

CDC House, 99-B, Block B, S.M.C.H.S.
Main Shahrah-e-Faisal, Karachi
Tel: 0800 23275
Website: <http://cdcsrl.com/>
Email: info@cdcsrl.com

PART XIII

13 MATERIAL CONTRACTS AND DOCUMENTS RELATED TO THE ISSUE

13.1 INVESTORS AGREEMENT

S. No	Pre-IPO Investors	Amount (PKR '000)	Agreement Date
1	CDC -Trustee Meezan Daily Income Fund – Meezan Munafa Plan 1	291,810	24-April-25
2	BPS Group Companies Employees Provident Fund	150,000	24-April-25
3	K-Electric Employees Gratuity Fund	125,000	24-April-25
4	Y.B. Pakistan Limited	100,000	24-April-25
5	Pak Qatar Income Plan	50,060	24-April-25
6	K-Electric Provident Fund	50,000	24-April-25
7	AWT Islamic Income Fund	48,630	24-April-25
8	CDC-Trustee AKD Aggressive Income Fund	32,420	24-April-25
9	Pak Qatar Asset Allocation Plan IIA	31,000	24-April-25
10	786 Smart Fund	21,080	24-April-25
11	JDW Sugar Mills Ltd Employees Provident Fund	20,000	24-April-25
12	Natasha Iqbal	20,000	24-April-25
13	Khursheed Bano Iqbal	20,000	24-April-25
14	Saad Iqbal	20,000	24-April-25
15	The Hub Power Company Limited Staff Gratuity Fund	10,000	24-April-25
16	Danish Iqbal	10,000	24-April-25
Total		1,000,000	

13.2 OTHER MATERIAL DOCUMENTS

S. No	Description	Date
1	Sukuk Issuance Agreement	24-April-2025
2	Musharaka Agreement	24-April-2025
3	Fatwa from HBL Islamic Banking Shariah Board	6-Feb-2025
4	Fatwa from ASAS Shariah Advisory Services	4-Feb-2025
5	Fatwa from Mufti Ali Asghar	3-Feb-2025

In addition to the above-mentioned financing documents pertaining to the Sukuk Issue, KE has entered into several agreements pertaining to normal course of business including financing arrangements with various financial institutions. The details of which are available in the audited FY23 financials of KE.

13.3 INSPECTION OF DOCUMENTS AND AGREEMENTS

All the Balance Sheets and Profit & Loss Accounts, Copies of the Memorandum and the Articles of Association, the Auditor's Certificates, Sukuk Transaction Documents, the Credit Rating Report by PACRA, Clearance letter from PSX and the approval letters from Securities & Exchange Commission of Pakistan, and the copies of

agreements referred to in this Prospectus may be inspected during usual business hours on any working day at the registered office of the Company from the date of publication of this Prospectus until the closing of the subscription list.

13.4 MEMORANDUM OF ASSOCIATION

The Memorandum of Association, inter alia, contains the objects for which the Company was incorporated and the business which the Company is authorized to undertake. A copy of the Memorandum of Association is annexed to this Prospectus and with every issue of the Prospectus except the one that is released in newspapers as advertisement.

13.5 FINANCIAL YEAR OF THE COMPANY

The financial year of the Company commences on July 1st and ends on June 30th.

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PART XIV

14 APPLICATION AND ALLOTMENT INSTRUCTIONS**14.1 ELIGIBLE INVESTORS INCLUDE:**

1. Pakistani citizens resident in or outside Pakistan or Persons holding two nationalities including Pakistani nationality;
2. Foreign nationals whether living in or outside Pakistan;
3. Companies, bodies corporate or other legal entities incorporated or established in or outside Pakistan (to the extent permitted by their constitutive documents and existing regulations, as the case may be);
4. Mutual Funds, Provident/pension/gratuity funds/trusts, (subject to the terms of the Sukuk Issuance Agreement and existing regulations); and
5. Branches in Pakistan of companies and bodies corporate incorporated outside Pakistan

14.2 OPENING AND CLOSING OF THE SUBSCRIPTION LIST

The Public Subscription Period for KE Sukuk Issue will start **from [] [], 2025 and will end on [] [], 2025**. The public subscription period for the Sukuk Issue will be split into two parts i.e.:

- a) **Subscription Period for only Individual investors** from [] [], 2025 to [] [], 2025 (both days inclusive) during banking hours for investors submitting physical applications with Bankers to the Issue and 24 hours for investors using E-IPO services; and
- b) **Subscription Period for Individuals, Institutional and other investors / participants** from [] [], 2025 to [] [], 2025 (both days inclusive) during banking hours for investors submitting physical applications with Bankers to the Issue and 24 hours for investors opting E-IPO services.

14.3 COPIES OF PROSPECTUS

Copies of the Prospectus and Application Forms can be obtained from the Trading Rights Entitlement Certificate (TREC) holders of Pakistan Stock Exchange Limited, the Bankers to the Issue and their branches, the Consultant to the Issue and the registered office of **K-Electric Limited**. The Prospectus and the Application Forms can also be downloaded from the following websites:

<http://www.ke.com.pk/>, www.hbl.com, www.cdceipo.com, and <http://www.psx.com.pk>

The Applicants are required to complete the relevant sections of the application to get the Sukuk Certificates in scrip-less form. In accordance with provisions of the Central Depositories Act, 1997 and the CDCPL Regulations, credit of such Sukuk Certificates is allowed ONLY in the applicant's own CDC Account OR in CDC's IPO Facilitation Account. (IPO Facilitation Account is an Investor Account opened by CDC under its Regulations for the purpose of crediting and holding of Securities on behalf of individual Pakistani investors who have subscribed to such Securities offered by an Issuer/Offeror).

Investors who do not have CDS account may visit www.cdcpakistan.com for information and details. For further guidance and queries regarding opening of CDS account, investors may contact CDC at phone Number: 0800 – 23275 (CDCPL) and e-mail: info@cdcpak.com

14.4 NAME(S) AND ADDRESS(ES) MUST BE WRITTEN IN FULL BLOCK LETTERS, IN ENGLISH, AND SHOULD NOT BE ABBREVIATED.

14.5 ALL APPLICATIONS MUST BEAR THE NAME AND SIGNATURE CORRESPONDING WITH THAT RECORDED WITH THE APPLICANT'S BANKER. IN CASE OF DIFFERENCE OF SIGNATURE WITH THE BANK AND COMPUTERIZED NATIONAL IDENTITY CARD (CNIC) OR NATIONAL IDENTITY CARD FOR OVERSEAS PAKISTANIS (NICOP) OR PASSPORT BOTH THE SIGNATURES SHOULD BE AFFIXED ON THE APPLICATION FORM.

14.6 E-IPO SYSTEMS

14.6.1 PSX E-IPO SYSTEM (PES)

In order to facilitate investors, PSX has developed an e-IPO System ("PES") through which electronic applications can be filed for subscription of securities offered to the general public. PES can be accessed through the web link (<https://eipo.psx.com.pk>).

Investors can register themselves online at any time 24/7. On behalf of an investors, registration can also be done by:

- the TREC Holder with whom the investor has a sub-account, or
- the Bank with whom the investor has a bank account.

An e-IPO application can be filed by an investor during the public subscription period which shall close at midnight on [] [], 2025. On behalf of investors, e-IPO applications can also be filed by:

- the TREC Holder with whom the investor has a sub-account, or
- the Bank with whom the investor has a bank account.

Subscription money can be paid by the investor through 1LINK or NIFT. On behalf of investors, subscription money can also be paid by:

- the TREC Holder with whom the investor has a sub-account, or
- the Bank with whom the investor has a bank account.

In case of queries regarding PES, investors may contact Mr. Farrukh Shahzad at phone number: 111-001-122 or (021)-35274401-10, and email: itss@psx.com.pk Tutorial for PES can be found on the weblink i.e., <https://eipo.psx.com.pk/EIPO/home/index>

14.6.2 CENTRALIZED E-IPO SYSTEM (CES)

CES can be accessed through the web link (csp.cdcaccess.com.pk). Payment of subscription money can be made through 1LINK's member banks available for CES.

For making application though CES, investors must be registered with CES. Registration can be done under a self-registration process by filling the CES registration form, which is available 24/7 all throughout the year.

In addition to the above, investors/sub-account holder(s) can request their respective TREC Holders who are Participants in Central Depository System (CDS) to make electronic subscription on their behalf for subscription of securities of a specific company by authorizing (adding the details of) their respective Participant(s) in CES. Consequently, authorized Participants will electronically subscribe on behalf of their sub-account holder(s) in securities offered through Initial Public Offerings and will also be able to make payment against such electronic subscriptions through all the available channels mentioned on CES only after receiving the subscription amount from the sub-account holder(s). To enable this feature, the CDS Participant may request CDC to activate his ID

on the CES portal. For queries regarding CES, investors may contact CDC at phone number: 0800 – 23275 (CDCPL) and e-mail: info@cdcpak.com

Investors who do not have a CDS account can visit www.cdcpakistan.com for information regarding opening a CDS account. For further guidance and queries regarding CES and opening of CDS account, investors may contact CDC at phone number: 0800 – 23275 (CDCPL) and e-mail: info@cdcpak.com or Mr. Farooq Ahmed Butt at Phone 111-111-500 and email: farooq_butt@cdcpak.com. Investors who are registered with CES can submit their applications through the web link csp.cdcaaccess.com.pk 24 hours a day during the subscription period which will close at midnight on [] [], 2025.

14.7 APPLICATIONS MADE BY INDIVIDUAL INVESTORS

1. In case of individual investors, a photocopy of the CNIC (in case of resident Pakistanis)/NICOP or Passport (in case of non-resident Pakistanis) as the case may be, should be enclosed and the number of CNIC/NICOP/Passport should be written against the name of the applicant.
2. Original CNIC/NICOP/Passport, along with a photocopy, must be produced for verification to the Banker to the Issue and the applicant's banker (if different from the Banker to the Issue) at the time of presenting an application. The photocopy will, after verification, be retained by the branch along with the application

14.8 APPLICATIONS MADE BY INSTITUTIONAL INVESTORS

1. Applications made by companies, corporate bodies, mutual funds, provident/pension/gratuity funds/trusts and other legal entities must be accompanied by a photocopy of their memorandum and articles of association or equivalent instrument/document. Where applications are made by virtue of power of attorney, the same should also be submitted along with the application.
2. Photocopies of the documents mentioned in paragraph 14.8(1) above must be produced for verification to the Banker to the Issue and the applicant's banker (if different from the banker to the issue) at the time of presenting the application. The copies, will after verification, be retained by the bank branch along with the application.

14.9 ADDITIONAL INSTRUCTIONS FOR INVESTORS

1. Only one application will be accepted against each CDS account, however, in case of joint accounts, one application may be submitted in the name of each joint account holder.
2. Joint application in name of more than two persons will **not be** accepted. In case of joint application each applicant must sign the application form and submit copies of their CNICs/NICOP/Passports. The securities will be credited to the CDS account mentioned on the face of the form OR in CDC's IPO Facilitation Account and where any amount is refundable, in whole or in part, the same will be refunded by cheque or other means by post, or through the bank where the application was submitted, to the person named first on the application form, without interest, profit, or return. Please note that application will be considered as a single application for the purpose of allotment of securities.
3. Subscription money must be paid by cheque drawn on applicants own bank account or pay order/bank draft payable to one of the Bankers to the Issue in favor of account titles as given below, and crossed "**A/C PAYEE ONLY**".

S No.	Name of Bank	Account Title
01	Allied Bank Limited	K-ELECTRIC LIMITED RETAIL SUKUK
02	Bank Al Habib Limited	K ELECTRIC LTD RETAIL SUKUK SUBS ACC.
03	Bank Alfalah Limited	K-ELECTRIC LIMITED RETAIL SUKUK SUBSCRIPTION ACCOUNT
04	Bank Islami Pakistan Limited	K-ELECTRIC LTD RETAIL SUKUK SUBSCRIPTION A/C
05	Bank Of Punjab	K ELECTRIC LIMITED RETAIL SUKUK SUBSCRIPTION COLLECTION NON CHECKING ACCOUNT
06	Dubai Islamic Bank Pakistan Limited	K-ELECTRIC LIMITED - RETAIL SUKUK
07	Faysal Bank Limited	K-Electric Limited Retail Sukuk Subscription Account
08	Habib Bank Limited	KE - RETAIL SUKUK SUBSCRIPTION
09	Habib Metropolitan Bank	K-ELECTRIC LIMITED - RETAIL SUKUK SUBSCRIPTION ACCOUNT
10	Meezan Bank Limited	K-Electric Limited -Retail Sukuk Subscription Account
11	MCB Bank Limited	K-ELECTRIC LIMITED - RETAIL SUKUK SUBSCRIPTION ACCOUNT
12	MCB Islamic Bank Limited	K-Electric Limited -Retail Sukuk Subscription Account
13	United Bank Limited	K-ELECTRIC LIMITED RETAIL SUKUK SUBSCRIPTION ACCOUNT

4. For the application made through pay order/bank draft, it would be permissible for a Banker to the Issue to deduct the bank charges while making refund of subscription money to unsuccessful applicants through pay order / bank draft individually for each application.
5. The applicant should have at least one bank account with any of the commercial banks. The applicants not having a bank account at all (non-account holders) are not allowed to submit application for subscription of securities.
6. Applications are not to be made by minors and/or persons of unsound mind.
7. Applicants should ensure that the bank branch, to which the application is submitted, completes the relevant portion of the application form.
8. Applicants should retain the bottom portion of their application forms as provisional acknowledgement of submission of their applications. This should not be construed as an acceptance of the application or a guarantee that the applicant will be allotted the number of securities for which the application has been made.
9. Making of any false statements in the application or willfully embodying incorrect information therein shall make the application fictitious and the applicant or the bank shall be liable for legal action.
10. Banker to the Issue are prohibited to recover any charges from the subscribers for collecting subscription applications. Hence, the applicants are advised not to pay any extra charges to the Bankers to the Issue.
11. It would be permissible for a Banker to the Issue to refund subscription money to unsuccessful applicants having an account in its bank by crediting such account instead of remitting the same by cheque, pay order or bank draft. Applicants should, therefore, not fail to give their bank account numbers.
12. Submission of false and fictitious applications is prohibited, and such Application Money may be forfeited under section 87(8) of Securities Act, 2015.
13. عوام الناس کو مطلع کیا جاتا ہے کہ بیکم ریگیز ایکٹ 2015 کی شق نمبر (7) 87 کے تحت جمہوری یا جعلی درخواستیں دینا قانوناً ناجرم ہے۔ خلاف ورزی کرنے والوں کی رقم، جو کہ درخواست کے ساتھ جمع کرائی جاتی ہے، بیکم ریگیز ایکٹ 2015 کی شق نمبر (8) 87 کے تحت ضبط کی جاسکتی ہے۔

14.10 ADDITIONAL INSTRUCTIONS FOR FOREIGN/NON-RESIDENT INVESTORS

1. In case of foreign investors who are not individuals, applications must be accompanied with a letter on applicant's letterhead stating the legal status of the applicant, place of incorporation and operations and line of business. A copy of Memorandum of Association or equivalent document should also be enclosed, if available. Where applications are made by virtue of Power of Attorney, the same must be lodged with the applications. Copies of these documents can be attested by the Bank Manager in the country of applicant's residence.
2. Companies are permitted under paragraph 6 (with specific reference to sub para (B) (I)) of Chapter 20 of the State Bank of Pakistan's ("SBP") Foreign Exchange Manual (the "Manual") to issue Sukuk Certificates on repatriation basis to non-residents who are covered under paragraph 6 (A) of Chapter 20 of the Manual, i.e. (I) A Pakistan national resident outside Pakistan, (II) A person who holds dual nationality including Pakistan nationality, whether living in or outside Pakistan, (III) A foreign national, whether living in or outside Pakistan and (IV) A firm (including a partnership) or trust or mutual fund registered and functioning outside Pakistan, excluding entities owned or controlled by a foreign government, provided the issue price, is paid in foreign exchange through normal banking channel by remittance from abroad or out of foreign currency account maintained by the subscriber/purchaser in Pakistan.
3. Non-residents who wish to subscribe Sukuk Certificates out of the general public portion may contact any of the Bankers to the Issue (retail portion) for taking instructions regarding payment of subscription money against Sukuk Certificates offered to general public/retail investors. List of Bankers to the Issue for retail portion is available on page 1, summary of the Issue, and para 13.12 of this Prospectus.
4. The Sukuk Certificates issued to non-resident investors shall be intimated by the Company to the designated Authorized Dealer, along with the documents prescribed in the Manual within 30 days of issue.
5. Non-residents who are covered under paragraph 6 (A) of Chapter 20 of the Manual do not require SBP's approval to invest in the Sukuk Certificates being issued in terms of this Prospectus. Furthermore, under paragraph 7 (vii) of Chapter 20 of the Manual the Authorized Dealer shall allow repatriation of profit, net of applicable taxes and proceeds on sale of listed Sukuk Certificates (i.e. divestment proceeds) not exceeding the market value less brokerage/commission on provision of prescribed documents.
6. Payments made by non-residents shall be supported by proof of receipt of foreign currency through normal banking channels. Such proof shall be submitted along with the Application by the non-residents.

14.11 MINIMUM SUBSCRIPTION AMOUNT AND BASIS OF ALLOTMENT

The basis and conditions of transfer of Sukuk Certificates to the General Public shall be as follows:

1. The public subscription period for the Sukuk Issue will be split into two parts i.e.:
 - A. Subscription Period for Individual investors only for the first [] days from start of opening of public subscription; and
 - B. Subscription Period for Individuals, Institutional and other investors / participants for remaining days in the public subscription period.
2. Minimum subscription of at least 5 Sukuk Certificates of PKR 50,000/- will be applicable, whereas the upper limit on the maximum subscription by one investor shall be the total IPO Portion i.e. PKR 2,000 Million.

3. Application for subscription must be made for a minimum of PKR 50,000/- (i.e. 5 Sukuk Certificates) and any increments in multiple of PKR 10,000/- only. Applications, which are neither for a minimum of PKR 50,000/- (i.e. 5 Sukuk Certificates) nor for any increments of PKR 10,000/-, shall be rejected.
4. **Rejection criteria** for applications for subscription is as follows:
- Application for subscription must be made for a minimum of PKR 50,000/- (5 Sukuk Certificates) and any increments in multiple of PKR 10,000/- only. Applications, which are neither for a minimum of PKR 50,000/- (i.e. 5 Sukuk Certificates) nor for any increments of PKR 10,000/-, shall be rejected.
 - Duplicate applications under the same CNIC/NICOP/Passport Number will be rejected.
 - Applications with the below mandatory fields missing will be rejected:
 - CNIC/NICOP/Passport Number,
 - Mobile number/Phone number,
 - Email address
 - Applications who opt for the profit adjustment option providing KE Account numbers of categories other than the below will be rejected:

Consumer Category	Tariff
General Supply Tariff – Residential	A1-R
General Supply Tariff – Commercial	A2-C
 - More than one application against one CDC account will also be rejected.
 - Note:** Broken period profit will not be paid to applicants with rejected applications.
5. Allotment will take place on the basis of the ‘**Priority of Allocation**’ as defined below:

IPO - Priority of Allocation	
1	Blackout Period for Individuals: KE’s consumers
2	Non - KE Consumers
3	KE’s consumers
4	Non-KE consumers

6. **Priority of Allocation** will be carried out as follows:
- A. If the Sukuk Issue is fully subscribed/oversubscribed within the Black out period for individuals:**
- Balloter will then first allocate the Sukuk Certificates to applicants who are KE consumers.
 - In case the Sukuk issue is oversubscribed within KE consumers, the Balloter will allocate on a pro-rata basis.
 - Note: This allocation is irrespective of which profit mode option the investor/KE consumer chooses.*
 - If an unsubscribed amount remains after allocation above, the Balloter will then allocate to non-KE consumers on a pro-rata basis.
- B. If the Sukuk Issue is fully subscribed /oversubscribed post the Black out period for individuals:**
- Balloter shall first allocate the requested amount to the Blackout period investors regardless of their category or date/time of subscription.
 - Post allocation to the complete Black out period investors, the Balloter will then allocate to the non-Black out period investors in the following manner:
 - Balloter will then first allocate the remaining Sukuk Certificates to the remaining applicants who are KE consumers.
 - In case the Sukuk issue is oversubscribed within KE consumers, the Balloter will allocate on a pro-rata basis.
 - Note: This allocation is irrespective of which profit mode option the investor/KE consumer chooses.*
 - If an unsubscribed amount remains after allocation above, the Balloter will then allocate to non-KE consumers on a pro-rata basis.

- C. Note:** It is possible that non-KE consumers may be unsuccessful in their application and not receive any allocation against their requested subscription as per 6.A. and 6.B. above. However, they will receive the broken period markup until their investment amount is returned.
7. Refunds to excess funds from investors who have subscribed to the Sukuk Issue as explained in clause 6 above shall be made within 10 working days of the close of the public subscription period as per Rule 5B.4.15 of the PSX Rule Book and Regulation 13(8) of the Public Offering Regulations, 2017.
 8. All participating banks will be requested to date and time each application received by them on a daily basis during the subscription period and communicate the same to HBL, CDC, and KE either at the close of business on the same day or before the opening of banking hours the next working day.
 9. PSX E-IPO and CDC E-IPO will be required to share data of subscriptions received with HBL, CDC, and KE at a cut-off time of 5 pm each day during the subscription period.
 10. Allotment/Transfer of Sukuk Certificates to successful applicants shall be made in accordance with the allotment criteria/ instructions disclosed in the Prospectus.
 11. The allotment of Sukuk Certificates shall be subject to scrutiny of applications in accordance with the criteria disclosed in the Prospectus and/or the instructions by the Securities & Exchange Commission of Pakistan.
 12. Applications, which do not meet the above requirements, or applications which are incomplete will be rejected. The applicants are, therefore, required to fill in all data fields in the Application Form.
 - 13. Successful applicants will be informed of their allocation through email, as the Company will credit the respective CDS accounts after declaration of Issue Date.**

14.12 REFUND/UNBLOCKING OF SUBSCRIPTION MONEY TO UNSUCCESSFUL APPLICANTS

As per regulation 13(8) of the PO Regulations, within ten (10) working days of the close of public subscription period, the Sukuk shall be allotted against the accepted and successful applications, and the subscription money of the unsuccessful applicants shall be unblocked/ refunded. Issuance of the Sukuk Certificates for the successful applicants shall be dependent upon the Issue Date declaration and shall be made within 10 (ten) working days of the Issue Date (subject to receipt of requisite waivers from the SECP and PSX).

As per sub-section (2) of Section 68 of the Companies Act, if refund as required under sub-section (1) of Section 68 of the Companies Act is not made within the time specified hereinabove, the directors of the Company shall be jointly and severally liable to repay that money with surcharge at the rate of two percent (2%) for every month or part thereof from the expiration of the 15th day and, in addition, shall be liable to a penalty of level 3 on the standard scale as defined in Section 479 of the Companies Act, 2017.

The surcharge mechanism has been mentioned here in order to ensure regulatory compliance. However, from the Shariah perspective, since this surcharge is a form of interest, the applicants are advised to dispose any such received amount as charity.

14.13 CODE OF BANKERS TO THE ISSUE

Code	Name of Bank	Code	Name of Bank
01	Allied Bank Limited	08	Habib Bank Limited
02	Bank Al Habib Limited	09	Habib Metropolitan Bank
03	Bank Alfalah Limited	10	Meezan Bank Limited
04	Bank Islami Pakistan Limited	11	MCB Bank Limited
05	Bank of Punjab	12	MCB Islamic Bank Limited

06	Dubai Islamic Bank Pakistan Limited	13	United Bank Limited
07	Faysal Bank Limited		

14.13.1 CODE OF OCCUPATION OF INVESTORS/APPLICANTS

Code	Occupation	Code	Occupation
01	Business	06	Professional
02	Business Executive	07	Student
03	Service	08	Agriculturist
04	Housewife	09	Industrialist
05	Household	10	Other

14.13.2 NATIONALITY CODE

Code	Name of Country	Code	Name of Country
001	U.S.A.	006	Bangladesh
002	U.K.	007	China
003	U.A.E.	008	Bahrain
004	K.S.A.	009	Other
005	Oman		

14.14 DEDUCTION OF ZAKAT

Already described in Section 5.8 of the Prospectus.

14.15 INCOME TAX

Already described in Section 5.9 of the Prospectus.

14.16 DEDUCTION OF WITHOLDING TAX

Already described in Section 5.10 of the Prospectus.

14.17 CAPITAL GAIN

Already described in Section 5.11 of the Prospectus.

14.18 ISSUE AND CREDIT OF SUKUK CERTIFICATES

KE shall credit the Sukuk Certificates to the successful allottees within ten (10) working days of the Issue Date, subject to receipt of the requisite waivers from the SECP and PSX. Sukuk Certificates will be issued only in the Book-Entry Form through credit in their CDS Accounts. The applicants, therefore, must provide their CDS Account Number (Investor Account Number or Sub-Account Number) in the Sukuk Subscription Form.

The Sukuk Certificates issued shall be subject to the Terms and Conditions for the issuance of the Sukuk Certificates specified in the Sukuk Issuance Agreement dated April 24, 2025.

If the Company defaults on complying with the requirements of Paragraphs 5B.4.16 and 5B.4.17 of Chapter 5B of the PSX Rulebook, it will pay to PSX a penalty of PKR 5,000/- per day during which the default continues. PSX may also notify the fact of such default and the name of the Company by notice and also by publication, in the Daily Quotations. Name of the Company / Sukuk Issue will also be notified to the TRE Certificate Holders of the PSX and placed on the web site of the PSX.

The surcharge mechanism has been mentioned here in order to ensure regulatory compliance. However, from the Shariah perspective, since this surcharge is a form of interest, PSX is advised to dispose any such received amount as charity.

14.19 ACKNOWLEDGMENT FROM IPO INVESTORS

By submitting an application form for subscription of the Sukuk Certificates, the IPO Investor: (a) acknowledges, accepts and consents to the terms of the Sukuk Subscription and Issue Agency Agreement (uploaded onto the Issuer's website and to the extent applicable to an IPO Investor) including, but not limited to, to the appointment of the Issue Agent as its agent and for the Issue Agent to enter into the Musharaka with K-Electric Limited on its behalf; and (b) agrees that the Issue Agent shall (on behalf of the Investors) be permitted to distribute any Tier 2 Profit to which it is entitled to (as per the Tier 2 Profit sharing ratio), by making charity payments to charitable institution(s), as approved by the Shariah Advisors.

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PART XV

15 SIGNATORIES TO THE PROSPECTUS

SIGNATORIES TO THE PROSPECTUS



Syed Moonis Abdullah Alvi
Chief Executive Officer



Adeeb Ahmad
Non-Executive Director



Javed Kureishi
Non-Executive Director



Muhammad Kamran Kamal
Non-Executive Director



Saad Amanullah Khan
Independent Director

WITNESSES



MUHAMMAD AAMIR GHAZIANI
Chief Financial Officer
K-Electric Limited



Certified by



DANYAAL JAMAL
Head of Treasury
K-Electric Limited



RIZWAN PESNANI
Company Secretary
K-Electric Limited

Date: _____

SIGNATORIES TO THE PROSPECTUS

Mark Skelton

MARK GERARD SKELTON
Chairman/Non-Executive Director

WITNESSES

C. Singh
Witness
K-Electric Limited



Certified by

Rizwan Pesnani

RIZWAN PESNANI
Company Secretary
K-Electric Limited

Date: _____

A. Ahmad
Witness
K-Electric Limited

SIGNATORIES TO THE PROSPECTUS



MUBASHER H. SHEIKH
Non-Executive Director

WITNESSES



Chief Financial Officer
K-ELECTRIC LIMITED



Chief Executive Officer
K-ELECTRIC LIMITED



Certified by



RIZWAN PESNANI
Company Secretary
K-Electric Limited

Date: _____

SIGNATORIES TO THE PROSPECTUS



SHAN A. ASHARY
Non-Executive Director

WITNESSES

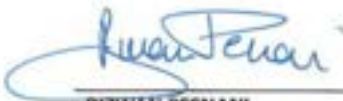


Witnesses Name: Shan A. Ashary
Chief Executive Officer
K-ELECTRIC LIMITED



Witnesses Name: DANAFAL ZAMAL
Non-Executive Director
K-ELECTRIC LIMITED

Certified by



RIZWAN PESNANI
Company Secretary
K-Electric Limited

Date: _____

SIGNATORIES TO THE PROSPECTUS



DR. MUHAMMAD FAKHRE ALAM IRFAN
Non-Executive Director

WITNESSES



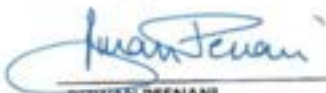
Muhammad Asim Ullah
Chief Financial Officer
K-ELECTRIC LIMITED



DARVAZ JAMAL
Chief Executive Officer
K-ELECTRIC LIMITED



Certified by



RIZWAN PESNANI
Company Secretary
K-Electric Limited

Date: _____

SIGNATORIES TO THE PROSPECTUS



IMDAD ULLAH BOSAL
Non-Executive Director

WITNESSES



CHIEF FINANCIAL OFFICER
K-ELECTRIC LIMITED



DARVAZ JARAL
CHIEF FINANCIAL OFFICER
K-ELECTRIC LIMITED



Certified by



RIZWAN PESNANI
Company Secretary
K-Electric Limited

Date: _____

PART XVI

16 MEMORANDUM OF ASSOCIATION

THE COMPANIES ORDINANCE 1984
COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION
OF
K-ELECTRIC LIMITED



- I. The name of the company is K-Electric Limited.
- II. The registered offices of the Company will be situated in Karachi, Sindh.
- III. The objects for which the Company is established are :
 1. To carry on at Karachi and elsewhere in Pakistan, the business of an electric light company in all its branches and in particular to construct, lay down, establish and fix all necessary cables, wires, lines, accumulators, lamps and works and to generate, accumulate, transmit, distribute and supply electricity and to light cities, towns, streets docks, markets, theaters, buildings and places both public and private.
 2. To carry on the business of Electrical Engineers, Electricians, Engineers, and Contractors, Shopkeepers, Agents and Manufacturers of Electrical apparatus, and of generating, producing and supplying light, heat, sound and power by electricity, galvanism, magnetism or otherwise, suppliers of electricity whether for the purposes of light, heat, motive power, telephonic, telegraphic industrial or other purposes and generally to provide, work, maintain and carry out all necessary cables, wires, accumulators, lamps exchanges telephones and apparatus.
 3. For the purposes of the above section, to buy, sell, hire or deal in cables, wires, accumulators, lamps, exchanges, telephones, fittings and furniture and apparatus of every kind with special reference to apparatus connected with the producing, storing, supplying, using, regulating or measuring the supply or facilitating the use of electricity or electrical currents or force.
 4. To buy, sell, hire, manufacture, deal in, turn to account, plant, machinery, implements, convenience, provisions, articles and products capable of being used in connection with the operations of or required by workmen and others employed by the Company or incidentally or conveniently connected with any such business as aforesaid.
 5. To construct, purchase, lease or otherwise acquire any tramways, railways, aerial ropeways or any other means of transport by land, air or water.
 6. To equip and to maintain and work by electricity, steam, petrol or other mechanical power or by animal power, all tramways, railways, aerial ropeways or other means of transport by air, land or water in which the Company may at any time be interested.
 7. To carry on the business of tramways, railways, omnibus and van proprietors and carriers of passengers and goods by air, land or water and of manufacturers of and dealers in tramways, carriages, trucks, locomotives, launches, accumulators, dynamos and other chattels and effect and conveniences required for making, maintaining equipping and working tramways, railways, aerial ropeways or any other means of transport by air, land or water.
 8. To purchase, take in, exchange or lease rent, occupy or otherwise acquire any lands, hereditaments and estates and any property and effects thereon or used or connected therewith and to acquire any grants, concessions, leases, rights easements, licenses, privileges, and any other interests in land.

CERTIFIED TRUE COPY

 RASHID MOHIUDDIN
 Manager
 Corporate Affairs
 K-ELECTRIC LIMITED

9. To acquire, erect, construct, lay down, enlarge, alter and maintain any buildings, works, and machinery necessary or convenient for the Company's business.
10. To sell, lease, improve, manage, develop, mortgage, exchange (in to account or otherwise deal with), dispose of absolutely, conditionally, or for any, limited interest, and grant any leave or license in respect of all or any of the rights or privileges of the Company, and to distribute in specie as dividend or bonus any money, shares, stocks, debentures or debenture stock that may be accepted as consideration for any such sale, lease, exchange or other disposition.
11. To promote, amalgamate with or buy up any other Company for the purpose of acquiring all or any of the property and liabilities of this Company, or for any other purpose which may seem directly or indirectly calculated to benefit this other purpose which may seem directly or indirectly calculated to benefit this Company having and to take or otherwise acquire and hold shares in any other company objects altogether or in part similar to those of this Company, or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company.
12. To enter into partnership or into any arrangement for sharing profits, union of interest, co-operation, joint venture, reciprocal concession, or otherwise with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction capable of being conducted so as to directly or indirectly benefit this Company, and to lend money to guarantee the contracts of, or otherwise assist any such person or company, and to take, or otherwise acquire shares and securities of any such company and to sell, hold, re-issue, with or without guarantee, or otherwise deal with the same.
13. To carry on any other business which may seem to the Company capable of being conveniently carried on in connection with the above or calculated to directly or indirectly enhance the value of or render profitable any of the Company's property or rights.
14. To enter into any arrangement with any Government or authority, supreme, municipal, local or otherwise that may seem conducive to the Company's objects or any of them; to obtain from any such Government or authority any rights, privileges, and concessions which the Company may think desirable to obtain and carry out, exercise and comply with any such arrangements, rights, privileges and concessions, and to apply for and obtain licenses, provisional orders, special Acts or other statutory or parliamentary authority for supplying electricity for any public or private purpose.
15. To promote any Bill or Bills in any parliament or any application or applications to any public authority for any order, provisional order or license and to enter into any contract to bear and pay the expenses of or in connection with the same or arising there out, and to underwrite or guarantee the capital required for carrying out any undertaking authorized by any such Act, order or license.
16. To purchase or otherwise acquire any patents, brevets d'invention, licenses, copyrights, and the like conferring any exclusive or non-exclusive or limited right to use any invention or discovery which may seem capable of being used for any of the purposes of the Company, and the acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop or grant licenses in respect of, or otherwise turn to account, the property and right so acquired.
17. To pay for any property or rights acquired by the Company either in cash or shares with or without preferred or deferred right, in respect of dividend or repayment of capital, or otherwise, or by any securities which the Company has power to issue or partly in one mode and partly in another and generally on such terms as the Directors may approve.
18. To issue all or any part of the original or other share capital whether preference or ordinary shares of the Company at par or at premium or at discount and as fully or partly paid up.





 MANAGED TRUST COMPANY

 SACRED MANAGEMENT

 Chartered Accountants

 Islamabad, Pakistan

19. To borrow and raise money in such manner as the Company shall think fit and in particular by the issue of debentures, mortgage debentures, or debenture stock payable to bearer or otherwise and either permanent or redeemable or repayment and collaterally to secure any securities of the Company by means of a trust deed or otherwise.
 20. To invest and deal with the moneys of the Company not immediately required for its business and in such manner as may from time to time be determined.
 21. To make, draw, endorse, accept and negotiate Bills of Exchange, promissory notes and other negotiable instruments.
 22. To receive money on deposit, at interest or otherwise and to lend money, and in particular to customers and others having dealings with the Company and to guarantee the performance of any contracts.
 23. To remunerate any person or company for services rendered in placing or assisting to place or in guaranteeing any of the shares in the Company's capital or any debentures or other Securities of the Company.
 24. To indenture, contract or otherwise engage handicraftsmen and other workmen, skilled and unskilled and to import labour.
 25. To grant pensions, allowances, gratuities and bonuses to the persons employed by or trading with the Company and to aid in the establishment and support of and to subscribe to any association or institutions, calculated to benefit persons employed by the Company or having dealings with the Company.
 26. To pay out of the funds of the Company all expenses which the Company may lawfully or by agreement with Government pay, incident to the formation, registration and advertising of or raising money for the Company by debentures or otherwise and the issue of its capital, including brokerage and commission for obtaining applications for or taking, placing or underwriting, shares, debentures or debenture stock and to apply at the cost of the Company to the Government of Pakistan or any other Government Authority, for any extension of the Company's powers.
 27. To guarantee the performance of any contract.
 28. To procure the Company to be registered or recognized in any country or place outside Pakistan and to keep Branch Registers.
 29. To do all or any of the above acts in any part of the world as principals, agents, contractors, trustees or otherwise, and by or through trustees, agents or otherwise, and either alone or in conjunction with others.
 30. To do all such other things as are incidental or conducive to the attainment of the above objects.
 31. And it is hereby declared that the word "company" in this clause shall be deemed to include any authority, partnership or other body of person whether incorporated or not incorporated, and the word "person" shall be deemed to include any partnership, association or other body of persons, and any company if the context so admits; and the intention is that the objects set forth in each of the several paragraphs of this clause have the widest possible construction, and shall be in no wise limited or restricted by reference to or inference from the terms of any other paragraph of this clause or name of this Company except as otherwise expressed therein.
- IV. The Liability of the Members is Limited.




 RAZA AHMAD
 Director
 Corporate Affairs
 K-ELECTRIC LIMITED

- V. The share capital of the Company is Rs.125,000,000,000 (Rupees One Hundred Twenty-Five Billion Only) divided into the following kinds of shares:
- i. Share Capital of Rs.115,000,000,000 (Rupees One Hundred Fifteen Billion Only) divided into 32,857,142,857 ordinary shares of Rs.3.50 each.
 - ii. Shares Capital of Rs.10,000,000,000 (Rupees Ten Billion Only) divided into 2,857,142,857 Redeemable Preference Shares of Rs.3.50 each.

VI. The several persons whose names and addresses are subscribed, are desirous of, being formed a Company in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the Capital of the Company set opposite our respective names.

Dated this Sixth day of September 1913.

Name of Subscriber	Address and Description of Subscriber	Number of Ordinary Shares taken by each Subscriber	Witness to Signature
T.L.F. Beaumont	Merchant, Karachi	1 (one)	
Ghulamali G. Chagla	Merchant, Karachi	1 (one)	
Nadrishaw E. Dinshaw	Merchant, Karachi	1 (one)	
W.U. Nicholas	Merchant, Karachi	1 (one)	
B. Frank Jones	Merchant, Karachi	1 (one)	
Chellaram Duloomal	Merchant, Karachi	1 (one)	
Abdool Rahim Saleh Mahomed	Merchant, Karachi	1 (one)	



Certified to be true Copy
1st-5/2013
 Attest: M. Iqbal of Deywala

CERTIFIED TRUE COPY
Parvez Anwar
 MANAGER
 Corporate Affairs
 K-ELECTRIC LIMITED

APPLICATION AND ALLOTMENT INSTRUCTIONS

1. Eligible Investors include:
 - (i) Resident citizens residing in or outside Pakistan or Persons holding dual nationalities including Pakistani nationality;
 - (ii) Foreign Nationals, whether living in or outside Pakistan;
 - (iii) Companies, bodies corporate or other legal entities incorporated or established in or outside Pakistan (to the extent permitted by their constitutive documents and existing regulations, at the date may be);
 - (iv) Mutual Funds, Provident / pension / gratuity funds / trusts, (subject to the terms of the Trust Deed and existing regulations); and
 - (v) Branches in Pakistan of companies and bodies corporate incorporated outside Pakistan.
2. Copies of the Prospectus and Application Forms can be obtained from the Trading Rights Entitlement Certificate (TREC) holders of Pakistan Stock Exchange Limited, the Bankers to the Issue and their branches, the Consultant to the Issue and the registered office of the Company. The Prospectus and the Application Forms can also be downloaded from the websites: <http://www.se.com.pk>, www.tse.com.pk, <http://www.cebml.com.pk>, <http://www.ajl.com.pk>

3. The Applicants are required to complete the relevant sections of the application to get the Sukuk Certificates in soft-copy form. In accordance with provisions of the Central Depositories Act, 1987 and the CDCA Regulations, credit of such Sukuk Certificates are entered only in the applicant's own CDC Account OR in CDC's IPO Facilitation Account (IPO Facilitation Account is an Investor Account opened by CDC under its Regulations for the purpose of crediting and holding of securities on behalf of individual Pakistani investors who have subscribed to such securities offered by an issuer/offeror).
4. ALL APPLICATIONS MUST BE WRITTEN IN FULL BLOCK LETTERS, IN ENGLISH, AND SHOULD NOT BE AMBIGUOUS.
5. ALL APPLICATIONS MUST BEAR THE NAME AND SIGNATURE CORRESPONDING WITH THAT REGISTERED WITH THE APPLICANT'S BANKER. IN CASE OF DIFFERENCE OF SIGNATURE WITH THE BANK AND COMPUTERIZED NATIONAL IDENTITY CARD (CNIC) OR NATIONAL IDENTITY CARD FOR OVERSEAS PAKISTANIS (NICOP) OR PASSPORT BOTH THE SIGNATURES SHOULD BE AFFIXED ON THE APPLICATION FORM.
6. APPLICATIONS MADE BY INDIVIDUAL INVESTORS
 - (i) In case of individual investors, a photocopy of the CNIC (in case of resident Pakistanis) / NICOP or Passport (in case of non-resident Pakistanis) at the date may be, should be enclosed and the number of CNIC / NICOP / Passport should be written against the name of the applicant.
 - (ii) Original CNIC / NICOP / Passport, along with a photocopy, must be produced for verification to the Banker to the Issue and the applicant's banker (if different from the Banker to the Issue) at the time of presenting an application. The photocopy will, after verification, be retained by the branch along with the application.

7. APPLICATIONS MADE BY INSTITUTIONAL INVESTORS
 - (i) Applications made by companies, corporate bodies, mutual funds, provident / pension / gratuity funds and other legal entities must be accompanied by a photocopy of their memorandum and articles of association or equivalent instrument / documents, where applications are made by virtue of power of attorney, the same should also be submitted along with the application.
 - (ii) Photocopies of the documents mentioned in paragraph 6(i) above must be produced for verification to the Banker to the Issue and the applicant's banker (if different from the Banker to the Issue) at the time of presenting the application. The copies, will after verification, be retained by the bank branch along with the application.

8. ADDITIONAL INSTRUCTIONS FOR INVESTORS
 - (i) Only one application will be accepted against each CD account, however, in case of joint accounts, one application may be submitted in the name of each joint account holder.
 - (ii) Joint application in terms of more than two persons will not be accepted. In case of joint application each applicant must sign the application form and submit copies of their CNIC / NICOP / Passports. The securities will be credited to the CD account mentioned on the face of the form (JOINT IN CDC's IPO Facilitation Account) and where any amount is refundable, in whole or in part, the same will be refunded by cheque or other means by post, or through the bank where the application was submitted, to the person named first on the application form, without interest, profit, or return. Please note that application will be considered as a single application for the purpose of allotment of securities.
 - (iii) Subscription money must be paid by cheque drawn on applicant's own bank account or pay order / bank draft payable to one of the Bankers to the Issue in favor of account titles are given below, and crossed "A/C PAYEE ONLY".

S.No.	Name of Bank	Account Title	S.No.	Name of Bank	Account Title
01	Milal Bank Limited	S.A.C/TRE, UNITED RETAIL SUKUK	06	Milal Bank Limited	SI - RETAIL SUKUK SUBSCRIPTION
02	Bank of Habib Limited	S.A.C/TRE, SI RETAIL SUKUK SUB ALL	07	Habib Metropolitan Bank	S.A.C/TRE, UNITED RETAIL SUKUK SUBSCRIPTION ACCOUNT
03	Bank Wafaq Limited	S.A.C/TRE, UNITED RETAIL SUKUK SUBSCRIPTION ACCOUNT	08	Milap Bank Limited	S.A.C/TRE, UNITED RETAIL SUKUK SUBSCRIPTION ACCOUNT
04	Bank Meezan Pakistan Limited	S.A.C/TRE, CD RETAIL SUKUK SUBSCRIPTION A/C	09	MCB Bank Limited	S.A.C/TRE, UNITED RETAIL SUKUK SUBSCRIPTION ACCOUNT
05	Bank of Punjab	S.A.C/TRE, UNITED RETAIL SUKUK SUBSCRIPTION (SOLUTION NON-TRADING ACCOUNT)	10	MCB Islamic Bank Limited	S.A.C/TRE, UNITED RETAIL SUKUK SUBSCRIPTION ACCOUNT
06	Taka Islamic Bank Pakistan Limited	S.A.C/TRE, UNITED RETAIL SUKUK	11	United Bank Limited	S.A.C/TRE, UNITED RETAIL SUKUK SUBSCRIPTION ACCOUNT
07	Faisal Bank Limited	S.A.C/TRE, UNITED RETAIL SUKUK SUBSCRIPTION ACCOUNT			

- (i) For the application made through pay order / bank draft, it would be permissible for a Banker to the Issue to return the bank charges while making refund of subscription money to unsuccessful applicants through pay order / bank draft individually for each application.
- (ii) The applicant should have at least one bank account with any of the commercial banks. The applicants not having a bank account at all (non-account holders) are not allowed to submit application for subscription of securities.
- (iii) Applications are not to be made by minors and / or persons of unsound mind.
- (iv) Applicants should ensure that the bank branch, to which the application is submitted, completes the relevant portion of the application form.
- (v) Applicants should retain the bottom portion of their application forms as provisional acknowledgment of submission of their applications. This should not be construed as an acceptance of the application or a guarantee that the applicant will be allotted the number of securities for which the application has been made.
- (vi) Making of any false statements in the application or wilfully misrepresenting information therein shall make the application voidable and the applicant or the bank shall be liable for legal action.
- (vii) Bankers to the Issue are prohibited to recover any charges from the subscribers for collecting subscription applications. Hence, the applicants are advised not to pay any extra charges to the Bankers to the Issue.
- (viii) It would be permissible for a Banker to the Issue to refund subscription money to unsuccessful applicants having an account in its bank by crediting such account instead of remitting the same by cheque, pay order or bank draft. Applicants should, therefore, not fail to give their bank account numbers.
- (ix) Submission of false and fictitious applications is prohibited and such application money may be forfeited under section 273(i) of Securities Act, 2015.

مزید تفصیلات کے لیے براہ کرم ایف ڈی سی کے ویب سائٹ www.cebml.com.pk پر یا ایف ڈی سی کے رجسٹرڈ ایجنٹوں سے رابطہ کریں۔
 For more details please visit the website www.cebml.com.pk or contact the registered agents of the CDC.

9. ADDITIONAL INSTRUCTIONS FOR FOREIGN / NON-RESIDENT INVESTORS
 - (i) In case of foreign investors who are not individuals, applications must be accompanied with a letter on applicant's letterhead stating the legal status of the applicant, place of incorporation and operations and line of business. A copy of Memorandum of Association or equivalent document should also be enclosed. If available, where applications are made by virtue of Power of Attorney, the same must be lodged with the applications. Copies of these documents can be attested by the Bank Manager in the country of applicant's residence.
 - (ii) Foreign / non-resident investors should follow the payment instructions given in Para 14.10 of the Prospectus.

10. BASIS OF ALLOTMENT
 - (i) The minimum amount of application for subscription of Sukuk Certificates is Rs. 50,000/- Application for Sukuk Certificates below the total value of Rs. 50,000/- shall not be entertained.
 - (ii) Application for Sukuk Certificates must be made for a minimum of 5 Sukuk Certificates (i.e. for a minimum amount of Rs. 50,000/-) and amounts exceeding Rs. 50,000/- should be in multiples of Rs. 50,000/- only. Applications, which are below for a minimum of 5 Sukuk Certificates (i.e. for a minimum amount of Rs. 50,000/-) or for multiples of Rs. 50,000/- exceeding Rs. 50,000/- shall be rejected.
 - (iii) Allocation of Sukuk Certificates to successful applicants shall be made in accordance with the allotment criteria / instructions disclosed in Para 14.11 of the Prospectus.
 - (iv) The allotment of Sukuk Certificates shall be subject to scrutiny of applications in accordance with the criteria disclosed in the Prospectus and/or the instructions by the Securities & Exchange Commission of Pakistan.
 - (v) Applications, which do not meet the above requirements, or applications which are incomplete will be rejected. The applicants are, therefore, required to fill in all data fields in the Application Form.
 - (vi) Successful applicants will be informed of their allocation through email from the Banker, as the Company will credit the Sukuk Certificates in the respective CD account after declaration of Issue Date.

11. NATIONALITY CODE

Code	Name of Bank	Code	Name of Bank
01	Milal Bank Limited	06	Milal Bank Limited
02	Bank of Habib Limited	07	Habib Metropolitan Bank
03	Bank Wafaq Limited	08	Milap Bank Limited
04	Bank Meezan Pakistan Limited	09	MCB Bank Limited
05	Bank of Punjab	10	MCB Islamic Bank Limited
06	Taka Islamic Bank Pakistan Limited	11	United Bank Limited
07	Faisal Bank Limited		

Code	Description	Code	Description
01	Business	06	Professional
02	Business (Executive)	07	Scientist
03	Service	08	Agriculture
04	Retirement	09	Industrialist
05	Housewife	10	Other

12. Public Investors (Retail Investors) include a IPO:
 - (i) IPO e-IPD System (PIS)
 - (a) Centralized e-IPD System (CIS)
 - (i) The Central Depository Company of Pakistan Limited (CDC) has developed a Centralized e-IPD System (CIS) through which applications for subscription of securities offered to the general public can be made electronically. CIS has been made available in the IPO and can be accessed through the web site www.cebml.com.pk. Payment of subscription money can be made through 11BN's member banks available for CIS, list of which is available on above website. For making application through CIS, investors must be registered with CIS. Registration with CIS is free of cost and e-IPD registration process by filling the CIS registration form, which is available on the above web site. Investors who have valid computerized national identity cards (CNIC), bank account with any of the commercial bank, e-mail address, mobile phone number and CDC account (Investor Account or sub Account) OR CDC's IPO Facilitation Account may register themselves with CIS. Investors who do not have CD account, may visit www.cebml.com.pk for information and details. For further guidance and queries regarding CIS and opening of CD account, investors may contact CDC at phone number: 9880 + 28379 (CDCN) and e-mail: info@cebml.com. For further details on CIS, please refer to Para 14.2 of the Prospectus.

13. NATIONALITY CODE

Code	Name of Country	Code	Name of Country	Code	Name of Country	Code	Name of Country
001	U.S.A.	004	U.A.E.	005	Oman	007	China
002	U.K.	004	K.S.A.	008	Bangladesh	008	Other

For further queries you may contact:
 K-Electric Limited, At: Suez, (Dammam) Ahmed, Phone: 92-01-9870 9131 (Ext: 7076), info@ke.com.pk; Mr. Akbar Khatun, Phone: 92-01-9870 9131 (Ext: 7075), www.cebml.com.pk
 Habib Bank Limited: At: Bank (in Suez) Suez, Phone: 92-01-92118213, Email: info@hibab.com.pk; Nib Bank (in Suez) Suez, Phone: 92-01-92118217, Email: info@nib.com.pk