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 FICTITOUS 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 **Retail** Listed, **Shirkat-ul-Aqd** Sukuk **(KE Retail Sukuk)** is **up to** 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 **1,000** million (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 (PACRA)
Long-Term Entity Rating: AA (Double A) by Pakistan Credit Rating Agency (PACRA)
Short-Term Entity Rating: A1+ (A One Plus) by Pakistan Credit Rating Agency (PACRA)

[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 June 17, 2025 to June 24, 2025. The comments received have been duly incorporated/responded to by the Consultant to the Issue]

Date of Public Subscription: from August 4, 2025 to September 3, 2025 (both days inclusive) from: 9:00 am to 5:00 pm
From **04/08/2025 to 17/08/2025** only individual investors can apply
From **From 18/08/2025 to 03/09/2025** 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
HBL	HBL ISLAMIC BANKING

Bankers for the Retail Portion of the Issue:

Allied Bank Limited	Bank Al Habib Limited	Bank Alfalah Limited	Bank Islami Pakistan Limited	Bank of Punjab	Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited	Habib Bank Limited	Habib Metropolitan Bank	MCB Bank Limited	Meezan Bank Limited	United 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.cdcpakistan.com/businesses/others/eipo/. For details, please refer to Section 14 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	
HBL ISLAMIC BANKING	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: July 28, 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 (Head of Treasury and Corporate Finance), Phone: +92-21-3870 9132 (Ext: [1337]); Email: danyaal.jamal@ke.com.pk, Ms. Syeda Sharmeen Ahmed (DGM Lead Project Financing), Phone: 92-21-3870 9132 (Ext: 2709); Email: sharmeen.ahmed@ke.com.pk, Mr. Kelash Kumar (DM Short Term Borrowings), Phone: 92-21-3870 9312 (Ext: 7073); Email: kumar.kelash@ke.com.pk
Habib Bank Limited: Mr. Burhan Nasir (Head Advisory, M&A and Capital Markets), Phone: +92 21 33116504; E-mail: burhan.nasir@hbl.com;
Mr. Badr Un Naeem Siddiqui (Unit Head Advisory and Equity Capital Markets), Phone: +92 21 33116535; Email: badr.siddiqui@hbl.com;
Ms. Sana Hidayatullah (Senior Associate) Phone: +92 21 33116537; Email: sana.hidayatullah@hbl.com;

UNDERTAKING BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

AD198991

100 Rupees

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SYED RIAZ MUSTAFA RIZVI
Stamp Vendor Licence # 18,
5-C-3-4, Distt. Mehal Nazimabad, Karachi

18 OCT 2024

Notary Public
KARACHI PAKISTAN

Date: 7 February, 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	**Muhammad Aamir Ghaziani**
Chief Executive Officer	Chief Financial Officer

ATTESTED

C. 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)
AAOIFI	Accounting and Auditing Organization for Islamic Financial Institutions
Act	Securities Act, 2015
ADB	Asian Development Bank
AEDB	Alternative Energy Development Board
AMR	Automated Meter Readers
APIL	AsiaPak Investments Limited
Bn	Billion
BoD	Board of Directors
Bps	Basis points. 100 (One hundred) basis points equal 1 percent
BQPS-I	Bin Qasim Power Station I
BQPS-II	Bin Qasim Power Station II
BQPS-III	Bin Qasim Power Station III
BU	Business Unit
BYCO	BYCO Petroleum Pakistan Limited
CAPEX	Capital Expenditure
CCoE	Cabinet Committee on Energy
CDC	Central Depository Company of Pakistan Limited
CDMP	Circular Debt Management Plan
CDS	Central Depository System
CEO	Chief Executive Officer
CERB	Center of Excellence in Responsible Business
CFCs	Customer Facilitation Centers
CIB	Credit Information Bureau
CPPA-G	Central Power Purchasing Agency (Guarantee) Limited
CSM	Consumer Service Manual
CSR	Corporate Social Responsibility
CTBCM	Competitive Trading Bilateral Contract Market model
DISCOs	Distribution Companies
EBIT	Earnings Before Interest, and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
EFP	Employers' Federation of Pakistan
EHT	Extra High Tension
FPCL	FFBL Power Company Limited
FY	Financial Year ending 30th June
FPAP	Fire Protection Association of Pakistan
FO	Furnace Oil
FSA	Fuel Supply Agreement
G, T & D	Generation, Transmission and Distribution
GDEIB	Global Diversity, Equity and Inclusion Benchmark
GENCOs	Generation Companies
GIDC	Gas Infrastructure Development Cess
GoP	Government of Pakistan

GWh	Gigawatt Hours
HBL	Habib Bank Limited
HCS	High Court of Sindh
HSD	High Speed Diesel
HSEQ	Health, Safety, Environment & Quality
HT lines	High Tension Lines
IBAN	International Bank Account Number
IBC	Integrated Business Centers i.e. a network of more than 30 customer facilitation centers.
ICA	Interconnection Agreement
IFC	International Finance Corporation
IGCF GP	IGCF General Partner Limited
IM	Information Memorandum
IOWs	IBCs on wheels
IPO	Initial Public Offering
IPPs	Independent Power Producers
KCCPP	Korangi Combined Cycle Power Plant
KE / KEL	K-Electric Limited
KESP	KES Power Limited
KEVCL	KE Venture Company (Private) Limited
KGTPS-II	Korangi Gas Turbine Power Station
KKI	KANUPP - K-Electric Interconnection Grid
KPH	K Power Holdings Limited (Formerly: IGCF SPV 26 Limited)
K-Solar	K-Solar (Private) Limited
KUML	Kunda Utaaro Meter Lagao
kV	Kilo Volt
LPS	Late Payment Surcharge
MMBTU	Million British Thermal Units
MMCF	Million Cubic Feet
MMCFD	Million Cubic Feet per Day
Mn	Million
MTR	Mid Term Review
MVAs	Mega Volt Amperes
MW	Mega Watt
MYT	Multi Year Tariff
NC	New Connections
NCCPL	National Clearing Company of Pakistan Limited
NEPRA	National Electric Power Regulatory Authority
NIBAF	National Institute of Banking and Finance
NTDC	National Transmission and Dispatch Company Limited
O&M	Operations and Maintenance
OPEX	Operating Expenditure
p.a.	Per annum
PAEC	Pakistan Atomic Energy Commission
PACRA	Pakistan Credit Rating Agency

PAT	Profit after taxation
PBC	Pakistan Business Council
PCBs	Polychlorinated Biphenyls
PEPCO	Pakistan Electric Power Company
PKR or Rs.	Pakistani Rupees
PLL	Pakistan LNG Limited
PMEX	Pakistan Mercantile Exchange
PMTs	Pole-Mounted Transformers
PPAA	Power Purchase Agency Agreement
PPAs	Power Purchase Agreement
PSO	Pakistan State Oil Company Limited
PSX	Pakistan Stock Exchange Limited
RLNG	Regasified Liquefied Natural Gas
RPS	Redeemable Preference Shares
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SBP	State Bank of Pakistan
SCADA	Supervisory Control and Data Acquisition
SECP	Securities & Exchange Commission of Pakistan
SGTPS-II	SITE Gas Turbine Power Station
SNPC	Sindh Nooriabad Power Company (Pvt.) Limited
SOFR	Secured Overnight Financing Rate
SOLR	Supplier of Last Resort
SSEP	Sindh Solar Energy Project
SSGC	Sui Southern Gas Company Limited
STS	Short Term Sukuk
SVGL	Sage Venture Group Limited
T&D	Transmission and Distribution
TDS	Tariff Differential Subsidy
TREC Holder	Trading Right Entitlement Certificate Holder
UBO	Ultimate Beneficial Owner
UNDP	United Nations Development Programme
VAR	Volt-ampere reactive (VAR)
VIS	VIS Credit Rating Company Limited
WAPDA	Water and Power Development Authority

DEFINITIONS

Abraaj	Abraaj Capital
Articles	Articles of Association
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 of 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**"), utilizing the Base Rate prevailing 1 (one) business day prior to the commencement of each subsequent quarterly period. 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
Company or Issuer or KE or KEL	K-Electric Limited
Date of Investment	The date when the investor's subscription money is received
Fund	Infrastructure and Growth Capital Fund L.P
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 the last day of the subscription period, which date shall fall between the 3rd and 5th days of the calendar month, with the same being a business day.
Manual	State Bank of Pakistan's Foreign Exchange Manual
NEPRA Act	Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997)
SECP or The Commission	Securities & Exchange Commission of Pakistan
Shariah Advisors to the Issue	Shariah Advisor I – HBL Islamic Banking Shariah Board 1. Dr Zubair Usmani 2. Mufti Yahya Asim 3. Ejaz Samadani Shariah Advisor II - ASAS Shariah Advisory Services (Pvt.) Ltd. 1. Mufti Syed Zahid Siraj 2. Mufti Waseem Akhtar 3. Mufti Muhammad Nadeem Siddiqui Shariah Advisor III 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. In the Pre-IPO, PKR 1,000,000,000/- (Pak Rupees One Billion) has already been placed
Sukuk Transaction Documents	This Prospectus, the Sukuk Issuance Agreement, the Musharaka Agreement, the Sukuk Subscription & Issue 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. SMD/PO/SA.88/04/2024/311 dated July 25, 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 PSX/ GEN-1393 Dated July 16, 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 March 31, 2025[1], the Company owns six power plants with an installed capacity of 2,397 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 1,394 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

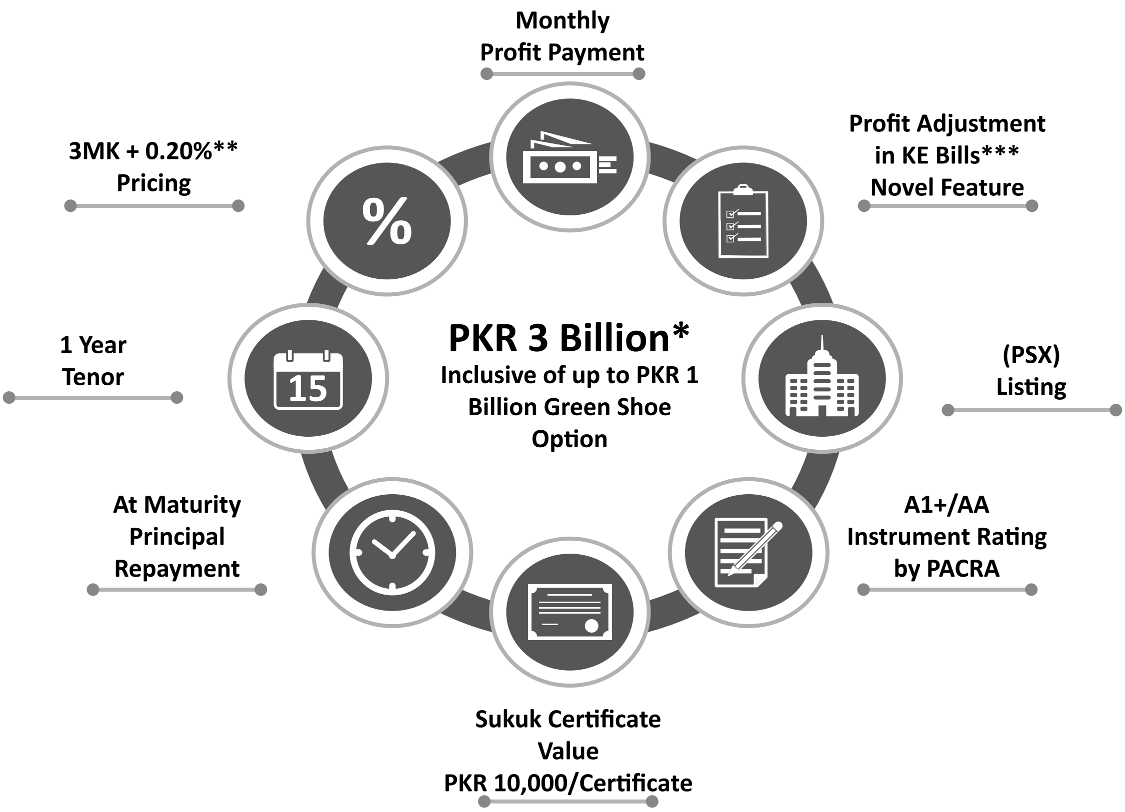
Major shareholders and sponsors of the issuer are KES Power Limited ("**KESP**") and the Government of Pakistan ("**GoP**"). As of June 2024, the shareholding structure of the Company is as follows:

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%
Total	**25,062,454,956**	**90.76%**

(This space has been left blank intentionally)

[1] K-Electric's Corporate Briefing date June 02, 2025

2.3 SALIENT FEATURES OF THE ISSUE



* Pre-IPO Placement of PKR 1 Billion has taken place
** Floor of 2% and Cap of 25% to comply with Shariah principles
*** For eligible investors

2.4 PRINCIPAL PURPOSE AND UTILIZATION OF P OCEEDS

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.

A detailed breakdown of working capital requirements serviced by the Sukuk is provided below:

Utilization of Proceeds				
	Nature	**Supplier**	**Sukuk Allocation**	**Average monthly billing**
	Pre-IPO Proceeds			
1.	Power Purchases	Sindh Nooriabad Power Company (Pvt.) Limited & FFBL Power Company Limited	PKR 1,000 Mn	c. PKR 1,500 Mn*
	IPO Proceeds			
	Fuel payments	Pakistan LNG Limited	PKR 2,000 Mn	c. PKR 10,000 Mn**
	Total		**PKR 3,000 Mn**	

** c. 150 MW of electricity is being procured on a monthly basis from SNPC and FFBL*

*** c. 80-90 mmcfd of RLNG is being procured on a monthly basis from PLL*

The Company maintains ample alternative working capital facilities totaling approximately PKR 130 Bn. The Sukuk proceeds (PKR 3,000 Mn) represent only **2.2%** of the total working capital available, ensuring availability of funding sources for overall liquidity needs.

2.5 QUALIFIED OPINION, IF ANY GIVEN BY THE AUDITOR DURING THE LAST TWO FINANCIAL YEARS

No qualified opinion was given on the financial statements of the Company during the last two financial years, i.e. FY23, and FY22, by the Company's Auditors, i.e., A. F. Ferguson & Co. Chartered Accountants

2.6 LEGAL PROCEEDINGS AND OVERDUE LOANS

2.6.1 LEGAL PROCEEDINGS:

Final Order Dated	Institution Date	Issuing Authority	Matter	Tax / Financial Period	Order Amount/ Financial Impact	Current Status	Management's Stance	Provision in Financial Statements
N/A	30 Nov 12	Sindh High Court	SSGC filed a Suit against KE for recovery of approximately PKR 45.705 Billion including mark-up for non-payment of gas bills from August 2008 till November 2012 and damages of Rs. 10 Billion for loss of business and goodwill	2013	Rs. 55.71 billion	The case was taken up for hearing in the high court but was adjourned. After promulgation of the Sindh Act No. VI of 2025 whereby the Original Civil Jurisdiction of the Sindh High Court has been removed, and the relevant jurisdiction has been given to the District Courts of Karachi. This Suit has been transferred to the Court of XIth Senior Civil Judge, Karachi South and has been re-numbered as Suit No. 5678/25	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 significantly affected KE's liquidity and hence the mark-up claim is not tenable. Further, KE has claimed that payments have been made to SSGC for supply of Natural Gas against the principal outstanding amount which has been unilaterally/ unlawfully adjusted by SSGC against the disputed mark-up, and the remaining actual/principal	Note 1
N/A	1 Jan 13	Sindh High Court	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.	2013	Rs. 59.6 billion	The case was taken up for hearing in the high court but was adjourned. After promulgation of the Sindh Act No. VI of 2025 whereby the Original Civil Jurisdiction of the Sindh High Court has been removed, and the relevant jurisdiction has been given to the District Courts of Karachi. This Suit is presently in the process of being transferred to the District Courts of Karachi and once transferred, will be assigned a new number.	amounts, if any, are to be paid directly by KWSC from KE receivables as per the provisions of the implementation agreement. KE'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. KWSC). This contention of KE's management is also supported by the legal advices that it has obtained.	

Final Order Dated	Institution Date	Issuing Authority	Matter	Tax / Financial Period	Order Amount/ Financial Impact	Current Status	Management's Stance	Provision in Financial Statements
N/A	13 Jun 18	Sindh High Court	KE has impugned SSGC letter dated 24-05-2018, wherein SSGC had threatened to curtail the gas supply to KE on the grounds that KE has failed to sign the TOR with SSGC, which is unlawful and against the earlier interim order of Sindh High Court in CP No. 1088/2011 whereby the operation of a SSGC letter through which it had attempted to curtail gas supply to KE was suspended and also against the directions of the Cabinet Committee on Energy dated 23-04-2018 whereby SSGC was directed to supply 190 MMCFD of gas to KE (130 MMCFD of indigenous natural gas & 60 MMCFD RLNG).	2018	-	The case was fixed for hearing before the Sindh High Court on 16/12/2024 and was discharged without any proceedings.	KE management has decided to continue to contest the case on merits.	-
N/A	20 Oct 11	Sindh High Court	KE had filed an application CMA No. 12178/2018 in pending Suit No. 1263/2011 (Suit filed by KWSC [previously known as 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 favor of KE whereby, the Government of Sindh has been directed to pay the outstanding liability of KWSC 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.	2012	Approx Rs. 27.5 million	After promulgation of the Sindh Act No. VI of 2025 whereby the Original Civil Jurisdiction of the Sindh High Court has been removed, and the relevant jurisdiction has been given to the District Courts of Karachi. Presently, this Suit is in process of being transferred to the District Court and once it will be transferred, a new case number will be assigned to it.	KE management has decided to continue to contest the case on merits.	-

Final Order Dated	Institution Date	Issuing Authority	Matter	Tax / Financial Period	Order Amount/ Financial Impact	Current Status	Management's Stance	Provision in Financial Statements
N/A	22 Jun 18	Islamabad district courtt	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	2018	Rs 83.99 billion	The case was taken up for hearing on 11.02.2024 in the district court of Islamabad but was adjourned.	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.	Note 1
N/A	06 Oct 20	Sindh High Court	KE filed this Suit in the High Court of Sindh pursuant to the decision of the Supreme Court on GIDC whereby, the GIDC Act, 2015 was declared to be valid and gas companies were allowed to recover GIDC from its consumers (KE being SSGC's consumer) on the ground that the GIDC will not be applicable on the consumers who have not accrued GIDC in its book of accounts and neither have passed it on to its consumers.	2021	Approx. Rs 45 billion	After promulgation of the Sindh Act No. VI of 2025 whereby the Original Civil Jurisdiction of the Sindh High Court has been removed, and the relevant jurisdiction has been given to the District Courts of Karachi. Presently, this Suit is in process of being transferred to the District Court and once it will be transferred, a new case number will be assigned to it.	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 accepts 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 recognised in the 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.	-

Final Order Dated	Institution Date	Issuing Authority	Matter	Tax / Financial Period	Order Amount/ Financial Impact	Current Status	Management's Stance	Provision in Financial Statements
N/A	05 Dec 14	District Court Karachi	KE is not in agreement with the interpretation and calculation of claw-back mechanism by NEPRA, and accordingly has filed suits before the 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.	2015	Approx. Rs 43.6 billion	A total of 4 suits related to Claw Back are pending. Suit: 1512/2018 – Suit: 2138/2014(HCA: 208/2015) – Suit: 989/2015 – 2113/2018. After promulgation of the Sindh Act No. VI of 2025 whereby the Original Civil Jurisdiction of the Sindh High Court has been removed, and the relevant jurisdiction has been given to the District Courts of Karachi. Suit No. 2138 of 2014 has been transferred to the Court of 8th Senior Civil Judge South of the District Court, Karachi and has been assigned a new case number i.e., Suit No. 2212 of 2025. Suit No. 989 of 2015 has been transferred to the Court of 11th Senior Civil Judge, South of the District Court, Karachi an has been assigned a new case number i.e., Suit No. 3091 of 2025. However, the remaining two above mentioned tagged Suits (i.e., Suit No. 1512 of 2018 & Suit No. 2113 of 2018) are under process and yet to be transferred to lower courts.	Considering the above proceedings and the expert opinion obtained by KE, the 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 Rs. 25,232 million is being maintained by KE in this respect.	Rs 25.32 billion
N/A	10 Nov 15	Sindh High Court	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 No. 2123 of 2015 on November 10, 2015 (in the process of being transferred to District Court Karachi), before the High Court of Sindh on the grounds that the Impugned decisions dated 13.03.2015 & 27.10.2015 suffered from legal and factual errors & the directions were contrary to the earlier approvals granted by NEPRA and also retrospective in nature therefore challenging the impugned decision dated 13-03-2015 & Review decision dated 27-10-2015.	2016	Approx. Rs. 2 billion	An interim order dated November 17, 2015 by the HCS, NEPRA has been restrained from taking any coercive action against KE in this regard. This suit was last fixed for hearing on 21.11.2022, however it was adjourned to date in office. This is case is yet to be fixed for hearing. After promulgation of the Sindh Act No. VI of 2025 whereby the Original Civil Jurisdiction of the Sindh High Court has been removed, and the relevant jurisdiction has been given to the District Courts of Karachi. Presently, this Suit is in process of being transferred to the District Court and once it will be transferred, a new case number will be assigned to it.	These 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 recognized 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.	-

Final Order Dated	Instit ution Date	Issuing Authority	Matter	Tax / Financial Period	Order Amount/ Financial Impact	Current Status	Management's Stance	Provision in Financial Statements
N/A	10 Aug 22	District court Karachi	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.	2023	Approx. Rs. 6 billion	The case was last fixed on 14.02.2025 and was discharged. After promulgation of the Sindh Act No. VI of 2025 whereby the Original Civil Jurisdiction of the Sindh High Court has been removed, and the relevant jurisdiction has been given to the District Courts of Karachi. Suit No. 1148 of 2022 has been transferred to the Court of 3rd Senior Civil Judge East of the District Court, Karachi and has been assigned a new case number i.e., Suit No. 1250 of 2025.	KE has paid the entire principal amount of Rs. 25 Billion to SSGC therefore, KE's stance is that there is no need to extend the bank guarantees. KE is engaged with SSGC for an amicable solution in light of the provisions of the Settlement Agreement dated 31.07.2023 whereby SSGC will withdraw its formal request for the encashment of bank guarantees whereafter, KE will withdraw its Suit which is pending before the Court. In the event that the matter is not amicably settled, KE shall continue to case on merits	-
27 Mar 25	30 May 19	Sindh High Court	KE filed CP No. 3810/2019 impugning NEPRA's directive in KE's MYT 2016-2023 for payment of interest on security deposit charged from the consumers on the grounds that since no other DISCO is paying interest on security deposit to its consumers. Furthermore, KE also prayed for establishment, constitution and appointment of the NEPRA Appellate Tribunal in accordance with Section 12-A of the NEPRA Act, 1997.	2019	-	The matter was last fixed on 27.03.2025, on which date the Hon'ble High Court observed that the petition had been instituted by KE in view of the NEPRA Appellate Tribunal being non-functional at the relevant time, thereby leaving no forum to challenge the impugned order. However, as the NEPRA Appellate Tribunal had since become functional and KE's Appeal is pending before the Tribunal, the Hon'ble Court disposed of this Petition with directions that KE's appeal be heard expeditiously, and until KE's Appeal is finally decided by the NEPRA Appellate Tribunal, no coercive measures be taken against KE in the interim. The petition was accordingly disposed off.	KE disagreed with the direction of NEPRA to the security deposit to consumer without any lawful justification and discriminatory as no other power utility company in Pakistan is required to pay interest on security deposit.	-

Final Order Dated	Institution Date	Issuing Authority	Matter	Tax / Financial Period	Order Amount/ Financial Impact	Current Status	Management's Stance	Provision in Financial Statements
N/A	10 Nov 15	Sindh High Court	KE filed a review application against the NEPRA's 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 Rs. 10 million on KE. KE 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.	2016	Approx Rs. 10 million	The Case was last Fixed For Hearing on 27th October 2022 and was discharged without any proceedings and still pending adjudication before the High Court of Sindh.	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 Rs. 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.	-

2.6.2 OVERDUE LOANS

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 Minster 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 severly 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.

For legal proceedings and overdue loans, refer to Part 10 of the prospectus.

2.7 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.

2.8 RELATED PARTY 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
5	BYCO	Common Directorship	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**

The above details are also mentioned in Part 3.9 of the Prospectus.

2.9 FINANCIAL INFORMATION

The audited financials of the Company can be downloaded from the following link: https://www.ke.com.pk/

Further details on the financial information of the Issuer are included in Part 7, along with commentary in the footnotes.

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[1]	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)[2]
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[3]	184,167,816	282,911,982	309,645,664
Total Debt to Equity	0.82x	1.13x	1.21x
Cashflow from Operations	42,259,425	(25,746,180)	60,809,317[4]

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. The financial statements of K-Electric are based on the Multi Year Tariff as approved by NEPRA. The previous MYT was for a control period of 7 years that expired in June 2023. KE had filed separate tariff petitions for FY24-30 for approval in February 2023. The Generation tariff was approved by NEPRA in October 2024, whereas the Transmission, Distribution and Supply tariffs were approved in May 2025. Throughout the process KE had continued to apprise its apex regulators, that is, NEPRA, the SECP and the PSX on the lack of ability to finalize its financial statements in the absence of the MYT. On account of the above, relaxations regarding the SECP's Public Offering Regulations' Regulation 3 (15) read with clause 7 of the Eighth Schedule, and Regulation 3 (1) (ii), and the PSX Rulebook's Paragraph 5B.6.3, and Paragraph 5B.4.6 read with 5B.3.1 (d) were obtained by K-Electric for this Sukuk Issue. KE's audited financial statements for FY24 shall be made available by August 2024, while those for FY25 are expected by November 2025.

2.10 BUSINESS PLAN TO TURN THE COMPANY INTO A PROFITABLE VENTURE

K-Electric has had a profitable track record in the past with a net profit of PKR 8.52 Bn in FY22 and PKR 11.99 Bn in FY21. However, KE recorded a net loss in FY23 since its performance in the year was significantly impacted by the socio-political and macroeconomic challenges and the previous tariff structure. KE's last Multi-Year Tariff (MYT) expired on June 30, 2023 and keeping in view learnings from the previous MYT, as well as consistent with other power entities, under the MYT filed by KE for the period FY 2024 to FY 2030, KE made certain requests to provide due coverage against the risks which KE was exposed to and resultantly impacted KE's profitability in the last MYT, and at the same time incentivize KE to bring efficiency improvements.

In light of the requests made by KE and detailed deliberations with NEPRA as part of the regulatory proceedings, the MYT 2024-2030 recently approved by NEPRA includes indexation of finance cost and currency devaluation as well as actualization of units sent-out. Hence, the MYT 2024-2030 envisages expected improvements on various fronts, which will help the Company continue the investment journey in the interest of consumers.

Going forward, the Company has prepared a robust network investment plan of USD 2 Billion for the period FY 24 to FY 30, focusing on growth, loss reduction, network improvement, and technological advancements. The same is expected to help KE achieve a 30% growth in its customer base, a 30% increase in KE's share of renewables and another 30% reduction in power outages alongside a targeted reduction of 1.95% in T&D losses. For the detailed business plan, please refer to Part 3.13 of the prospectus."

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[1] During FY22 despite various challenges including macro-economic environment, the Company invested around PKR 62.8 billion across the power value chain and continued to show positive growth in key operational indicators with reduction of T&D losses from 17.5% to 15.3% and increase in unit sent out by 1.6%. Increase in Units Billed from 16,069 Gwh to 16,763 Gwh in FY22, a reflection of T&D Losses. Tariff adjustment also increased from PKR 70 Bn to PKR 172 Bn in FY22.

[2] The loss in FY23 is attributable to the significant impact of socio-political and macroeconomic challenges arising from the ongoing national crises at the time. KE encountered a substantial rise in exchange loss by PKR 4.83 Bn due to significant devaluation of the Pakistani Rupee. Additionally, there was an increase in impairment loss by PKR 6.28 Bn against doubtful debts due to the confluence of high inflation, increase in consumer tariffs and the worsening economic conditions that hampered customers propensity to pay. Along with a drastic increase in finance costs by PKR 19.45 Bn mainly due to increase in effective rate of borrowings translated to the loss. 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

[3] Total Borrowing = Long Term Financing + Current Maturity of Long Term Financing + Short Term Borrowing + Long Term Diminishing Musharaka + Current Maturity of Long Term Diminishing Musharaka

[4] KE had negative cash flows from operating activities in FY22 primarily due to PKR 88 Bn 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 60.8 Billion in FY23 compared to negative PKR 25.7 Billion in FY22

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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 listed in 1949, with its shares currently 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% (2023: 66.40%) 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 2,397 MW, KE has arrangements for over 1,600+ MW from external sources including the National Grid. Besides this, as of March 2025, 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[3].

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 Limited ("KESP"). 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 2017-18, Abraaj went into liquidation.

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. ("the Fund") were acquired by Sage Venture Group Limited ("SVGL"), a British Virgin Islands-registered special purpose company wholly owned by AsiaPak Investments Limited ("APIL"). The Ultimate Beneficial Owner ("UBO") of APIL is Shaheryar Chishty.

In March 2024, the Fund made a distribution in kind to its limited partners, of all the shares held by it in K Power Holdings Limited ("KPH") (Formerly: IGCF SPV 26 Limited), the former portfolio company of the Fund and an indirect shareholder of K-Electric. As a consequence of the above distribution, IGCF GP or the Fund now have no direct or indirect interest in KE.

In March 2025, IGCF SPV 21 Limited, the direct shareholder of KESP changed its name to KE Holdings 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.

Since privatization, investments of PKR 598 Billion (USD 4.6 Billion)[4] 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[5]:

Customers
3.7 Millions

Area
6,500km^2

LS Exempt
70%

Presence Across the Entire Power Value Chain

Generation
Installed generation capacity of own plants **2,397 MW.** Further, has arrangements of **1,600+MW** via external sources - expected to be increased by further 400 MW post completion of line works by NTDC

Transmission
Over **7,095 MVAs** Capacity, **74** Grids, **184** Power Trafos, and **1,394** km of lines

Distribution
8,964 MVAs Capacity, **2,112** feeders, **31,422** PMTs and **11,298km** HT lines

Note: information as at March 2025

[3, 4 & 5] K-Electric Corporate Briefing dated June 02, 2025

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 2,397 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 1,957 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 for IPP structure-based tariff for KE generation and accordingly, KE worked on developing and implementing reporting structures similar to that 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 March 2025[6] is as below:

KE's Generation Capacity		
Power Plants	**Installed MW[1]**	**Gross Dependable MW**
Bin Qasim Power Station-I (BQPS-I)[2]	420	379
Bin Qasim Power Station II (BQPS-II)	573	526
Korangi Combined Cycle Power Plant (KCCPP)	248	227
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	**2,397**	**2,252**

Notes:
1. Gross installed capacity at ISO conditions
2. Units 1, 2, 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/IPPs)						
Year	**KE**	**IPPS**	**Total**	**KE**	**IPPS**	**Total**
FY 20	10,358	8,100	18,458	56%	44%	100%
FY 21	10,939	6,124	17,063	64%	36%	100%
FY 22	8,496	11,867	20,363	42%	58%	100%
FY 23	7,535	8,339	15,874	47%	53%	100%
FY 24	7,788	10,219	18,007	43%	57%	100%

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%

[6]K-Electric's Corporate Briefing dated June 02, 2025

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 as of March 2025[7] 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 7,095 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[11] 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
500kV KKI interconnection's construction has been successfully completed. The energization took place in October 2024. With three 500/220kV Auto Transformer Banks, and a transformation capacity of 1800 MVA, this is the first 500kV interconnection constructed by K-Electric that connects NTDC network via 500kV Transmission lines from K2/K3 Power Plant and Jamshoro grid station (under interim arrangement).

Complete 220/ 132/ 11kV Dhabeji grid was successfully energized in 2024 with two 220/ 132kV Auto Transformer with a transformation capacity of 250MVA, each and 40MVA Power Transformer. While the import from National grid through 220kV Dhabeji interconnection point started from March 2025 with the energization of KE-NTDC interconnecting circuits.

Due to these interconnections, KE's power offtake capacity from the National Grid has increased to more than 2000MW. Currently, the KKI grid is connected to the NTDC network through an interim arrangement, with a permitted drawl of up to 1600 MW, due to the ongoing construction of its originally planned connection point — NTDC's 500kV transmission line between K2/K3 and PQEPCL. Upon completion of this line and subsequent connection of KKI through it, expected by June/ July 2025, KE's offtake from the National Grid will be increased to the evaluated interconnection capacity.

Rehabilitation of Existing Grid Stations
Under BQPS-III project, KE has further strengthened its transmission network by upgrading two critical load grids and two generation interconnection grid stations. All four grids have been energized however remaining works at QK grid is underway. These enhancements improve system reliability and accommodate Karachi's growing industrial and commercial needs.

Cyber Security
To address network security and evolving regulatory requirements, Transmission Business Unit 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)

[7] K-Electric's Corporate Briefing dated June 02, 2025
[11] Management information

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.

1. **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.
2. **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.
3. **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

1. **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.

2. **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.

3. **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.

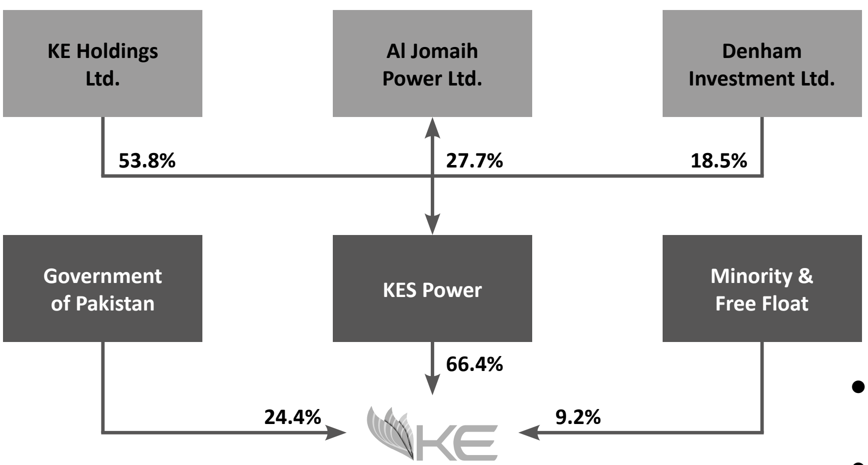
3.1.4 PATTERN OF SHAREHOLDING
Major shareholders of issuer are KES Power Limited (“**KESP**”) and Government of Pakistan (“**GoP**”). As of 30th June 2023, the shareholding structure of the Company is as follows:

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%**

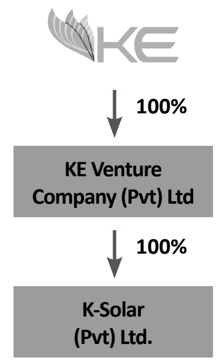
3.1.5 GROUP STRUCTURE

Current shareholding structure and subsidiary structure of the Company is as follows:

KE Ownership Structure



KE Subsidiary Structure



- **Al-Jomaih** is a large diversified conglomerate in Saudi Arabia - **27.7% holding in KES Power**
- **Denham Investment** is a leading industrial conglomerate in the MENA Region - **18.5% holding in KES Power**

K-Electric has two subsidiary companies namely KE Venture Company (Private) Limited (KEVCL) and K-Solar (Private) Limited (K-Solar). However, it does not exercise any management control over the same.

KE Venture Company (Private) Limited (KEVCL) was incorporated on July 30, 2020, as a private company with the intent to be the investment arm of the Holding Company to carry on any business including but not limited to businesses dealing in electricity and all other forms of energy, and products or services associated therewith. K-Electric holds 100% shares of KEVCL.

K-Solar (Private) Limited was incorporated on September 18, 2020, as a private company to carry on all or any of the businesses dealing in electricity and all other forms of renewable energy and products or services associated therewith, and for promoting the conservation and efficient use of electricity. K-Solar is a wholly owned subsidiary of KEVCL.

3.1.6 ASSOCIATED COMPANIES

The Associated concerns through common directorship are as follows:

	Company	Director	Nature of Relationship	Shareholding by KE	Nature of Business
1	0' Foods Pvt Ltd	Shan A. Ashary	Common Directorship	Nil	FMCG
2	2815139 Ontario Inc	Shan A. Ashary	Common Directorship	Nil	Investments
3	A J R P General Trading (Pvt.) Limited	Shan A. Ashary	Common Directorship	Nil	Trading
4	Abraaj Capital SPV 7 Limited	Mark Gerard Skelton	Common Directorship	Nil	Investments
5	Alvarez & Marsal Europe LLP	Mark Gerard Skelton	Common Directorship	Nil	LLP
6	Amstelsquare Luxembourg Sarl	Mark Gerard Skelton	Common Directorship	Nil	Investments
7	Ash Energy (Pvt) Ltd	Shan A. Ashary	Common Directorship	Nil	Power

8	Assemco Pakistan (Pvt) Ltd	Shan A. Ashary	Common Directorship	Nil	Industrial Equipment
9	Avio Pro	Shan A. Ashary	Common Directorship	Nil	Aviation
10	Avio Pro General Trading LLC	Shan A. Ashary	Common Directorship	Nil	Trading
11	Bay Vision Investco Limited	Shan A. Ashary	Common Directorship	Nil	Investments
12	China Power Hub Generation Company	Muhammad Kamran Kamal	Common Directorship	Nil	Power
13	Cloud Primero Holding Co.	Shan A. Ashary	Common Directorship	Nil	Investments
14	Data Research & Communication (Pvt) Limited	Shan A. Ashary	Common Directorship	Nil	Market research
15	Datasoft Middle East DMCC	Shan A. Ashary	Common Directorship	Nil	IT
16	EMC Fund B Cooperatief UA	Mark Gerard Skelton	Common Directorship	Nil	Investments
17	FEMVI Investment Company	Shan A. Ashary	Common Directorship	Nil	Investments
18	FEMVI Investment Ltd	Shan A. Ashary	Common Directorship	Nil	Investments
19	Foods Dot Com (Pvt) Ltd	Shan A. Ashary	Common Directorship	Nil	E-Commerce
20	Forty2 Capital	Shan A. Ashary	Common Directorship	Nil	Investments
21	Fusion Point (Pvt) Limited	Shan A. Ashary	Common Directorship	Nil	IT
22	Gulf Electric Power Limited	Shan A. Ashary	Common Directorship	Nil	Power
23	Gulf Powergen (Private) Limited	Shan A. Ashary	Common Directorship	Nil	Power
24	Hermitage Resorts Pvt Ltd	Shan A. Ashary	Common Directorship	Nil	Tourism
25	Hub Power Holdings Limited	Muhammad Kamran Kamal	Common Directorship	Nil	Investments
26	Hub Power Services Limited	Muhammad Kamran Kamal	Common Directorship	Nil	Power
27	IbericaA EMCB HoldCo B.V.	Mark Gerard Skelton	Common Directorship	Nil	Investments
28	IbericaA Luxembourg Sarl	Mark Gerard Skelton	Common Directorship	Nil	Investments
29	IGCF General Partner Limited	Mark Gerard Skelton	Common Directorship	Nil	
30	IGCF Oil & Gas Limited	Mark Gerard Skelton	Common Directorship	Nil	Investments
31	IGCF SPV 4 Limited	Mark Gerard Skelton	Common Directorship	Nil	Investments
32	IGCF SPV 5 Limited	Mark Gerard Skelton	Common Directorship	Nil	Investments
33	JZ B Investments Limited	Mark Gerard Skelton	Common Directorship	Nil	Investments
34	JZ Business Services 1 Limited	Mark Gerard Skelton	Common Directorship	Nil	Investments

35	KE Venture Company (Private) Limited	Adeeb Ahmad Mubasher H. Sheikh Muhammad Kamran Kamal	Common Directorship	100%	Investments
36	KES Power Limited	Mark Gerard Skelton	Common Directorship	Nil	Investments
37	KES Power Limited (Alternate Director)	Mubasher H. Sheikh	Common Directorship	Nil	Investments
38	Lakes Development & Construction Company (Pvt) Ltd	Shan A. Ashary	Common Directorship	Nil	Real Estate
39	Laraib Energy Limited	Muhammad Kamran Kamal	Common Directorship	Nil	Power
40	Learning Pitch (Pvt) Limited	Shan A. Ashary	Common Directorship	Nil	Education
41	Limestone Strategic Investments Ltd.	Shan A. Ashary	Common Directorship	Nil	Investments
42	Macaw (Pvt) Ltd	Shan A. Ashary	Common Directorship	Nil	Trading
43	MDI Datanet Pakistan (Pvt) Limited	Shan A. Ashary	Common Directorship	Nil	IT
44	Mega Motor Company (Private) Limited	Muhammad Kamran Kamal	Common Directorship	Nil	Power
45	Mentor InvestCo 1 Limited	Shan A. Ashary	Common Directorship	Nil	Investments
46	Narowal Energy Limited	Muhammad Kamran Kamal	Common Directorship	Nil	Power
47	NGP Fund V	Shan A. Ashary	Common Directorship	Nil	Investments
48	NGP Fund V II	Shan A. Ashary	Common Directorship	Nil	Investments
49	Norsk Titanium AS	Shan A. Ashary	Common Directorship	Nil	Investments
50	Norsk Titanium Cayman Limited	Shan A. Ashary	Common Directorship	Nil	Investments
51	Pamo Plast (Pvt) Limited	Muhammad Kamran Kamal	Common Directorship	Nil	Packaging
52	PCP III Liquidating SPV Limited	Mark Gerard Skelton	Common Directorship	Nil	Investments
53	Prime AEP Limited	Muhammad Kamran Kamal	Common Directorship	Nil	Power
54	Prime Green Energy (PVT) Limited	Muhammad Kamran Kamal	Common Directorship	Nil	Power
55	Prime International Oil and Gas Company Limited	Muhammad Kamran Kamal	Common Directorship	Nil	Oil & Gas
56	Prime Pakistan (M) Limited S.a.r.|	Muhammad Kamran Kamal	Common Directorship	Nil	Investments
57	Prime Pakistan Limited	Muhammad Kamran Kamal	Common Directorship	Nil	Investments
58	Pro Capital Invests Limited	Shan A. Ashary	Common Directorship	Nil	Investments
59	Proclad Group Limited	Mubasher H. Sheikh	Common Directorship	Nil	Investments
60	Sindh Engro Coal Mining Company	Muhammad Kamran Kamal	Common Directorship	Nil	Mining

61	ThalNova Power Thar Private Limited (TNPTL	Muhammad Kamran Kamal	Common Directorship	Nil	Power
62	Thar Energy Limited	Muhammad Kamran Kamal	Common Directorship	Nil	Power
63	Thar Power Company Limited	Muhammad Kamran Kamal	Common Directorship	Nil	Water supply
64	The Hub Power Company Limited	Muhammad Kamran Kamal	Common Directorship	Nil	Power
65	Three Lakes Agri Farms (Pvt) Ltd	Shan A. Ashary	Common Directorship	Nil	Agriculture
66	Tri-Aviation Investment Company Limited	Shan A. Ashary	Common Directorship	Nil	Investments
67	Tricap Advisory Services Limited	Shan A. Ashary	Common Directorship	Nil	Advisory

Note:

1. *Pursuant to the Companies Act, 2017, directorship of GOP nominees and independent directors do not fall within the definition of "Associated Companies".*
2. *K-Solar is a subsidiary of KEVCL which is a subsidiary of KE, therefore, K-Solar is an associated company of KE.*

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**
1. Tariff based on a fixed revenue requirement (No sent out risk on KE) *2. Monthly Fuel cost adjustments* *3. RoE (with USD indexation)* *4. O&M with annual CPI indexation* *5. Finance cost with KIBOR/SOFR indexation* *6. Working capital costs* *7. T&D loss adjustments* *8. Annual Investment adjustment*	*1. Generation Efficiency & Auxiliary based on NEPRA determined benchmarks* *2. O&M Cost (with CPI indexation)* *3. Depreciation (subject to adjustment with actual CAPEX)* *4. Finance Cost (with KIBOR/SOFR adjustment)* *5. Working capital costs*

Breakup of Revenue as of June 30, 2023		
Type	**PKR in '000**	**%**
Net Revenue		
Residential	165,838,745	32%
Commercial	72,777,137	14%
Industrial	166,733,081	32%
Fuel charge adjustment	(25,067,021)	(5%)
Others	2,281,872	0.4%
Total	**382,563,814**	**74%**
Tariff Adjustment		
Tariff Adjustment	136,907,413	26%
Grand Total	**519,471,227**	**100%**

Breakup of Cost as of June 30, 2023		
Type	**PKR in '000**	**%**
Purchase of Electricity		
CPPA/NTDC	160,107,796	34%
Independent Power Producers (IPPs)	63,052,126	14%
Karachi Nuclear Power Plant (KANUPP)	-	0%
Total	***223,159,922***	***48%***
Consumption of Fuel and Oil		
Natural gas / RLNG	133,346,450	29%
Furnace and other fuel / oil	74463294	16%
High speed diesel (HSD)	1,949,344	0.4%
Total	***209,759,088***	***45%***
Expenses incurred in Generation, Transmission and Distribution	**33,740,202**	**7%**
Grand Total	**466,659,212**	**100%**

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 was 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 approved the Generation tariff for all its power plants for the period post June 2023 in October 2024. The Multi-Year Tariffs for Transmission, Distribution, and Supply businesses were approved in May 2025.

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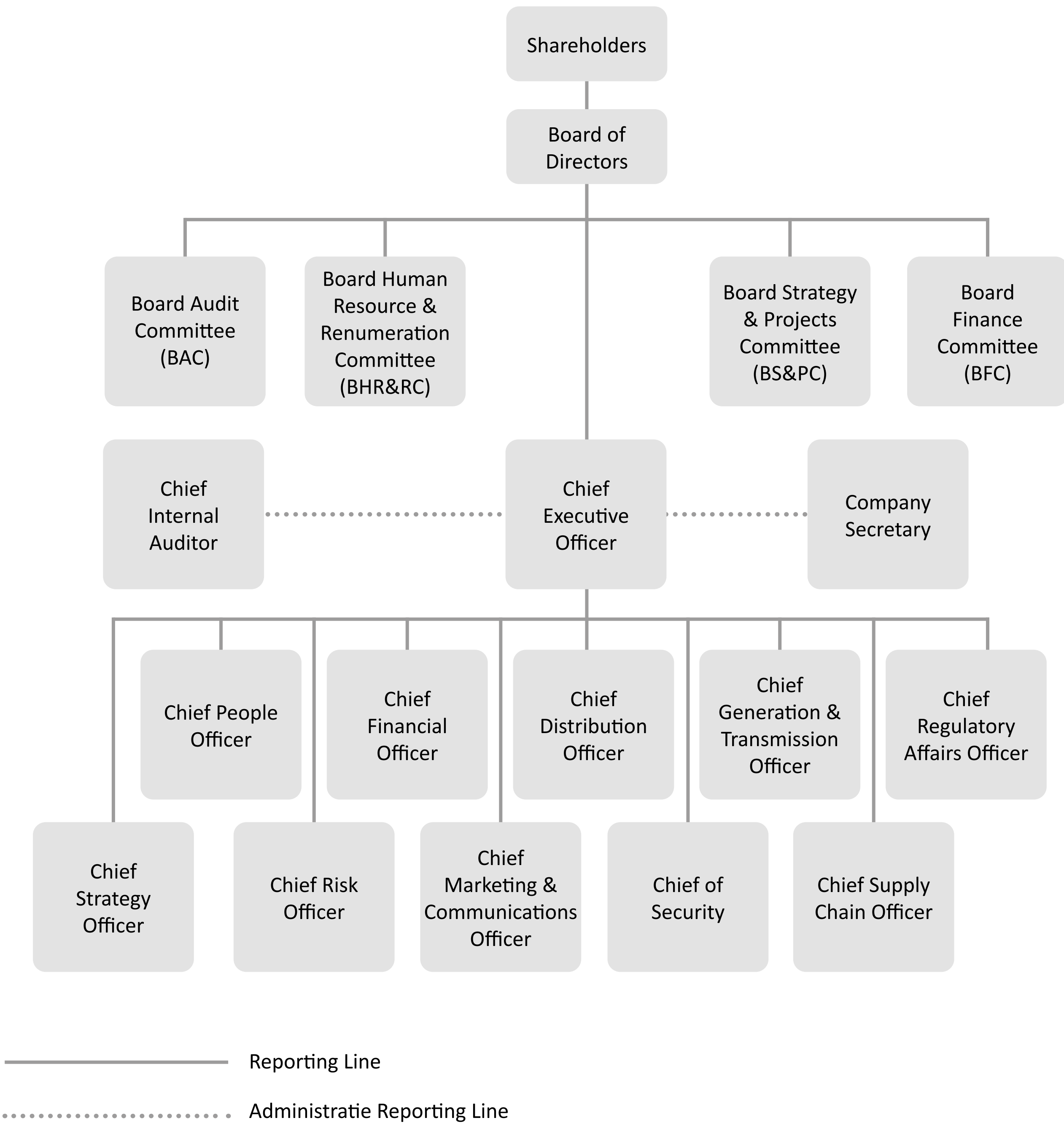
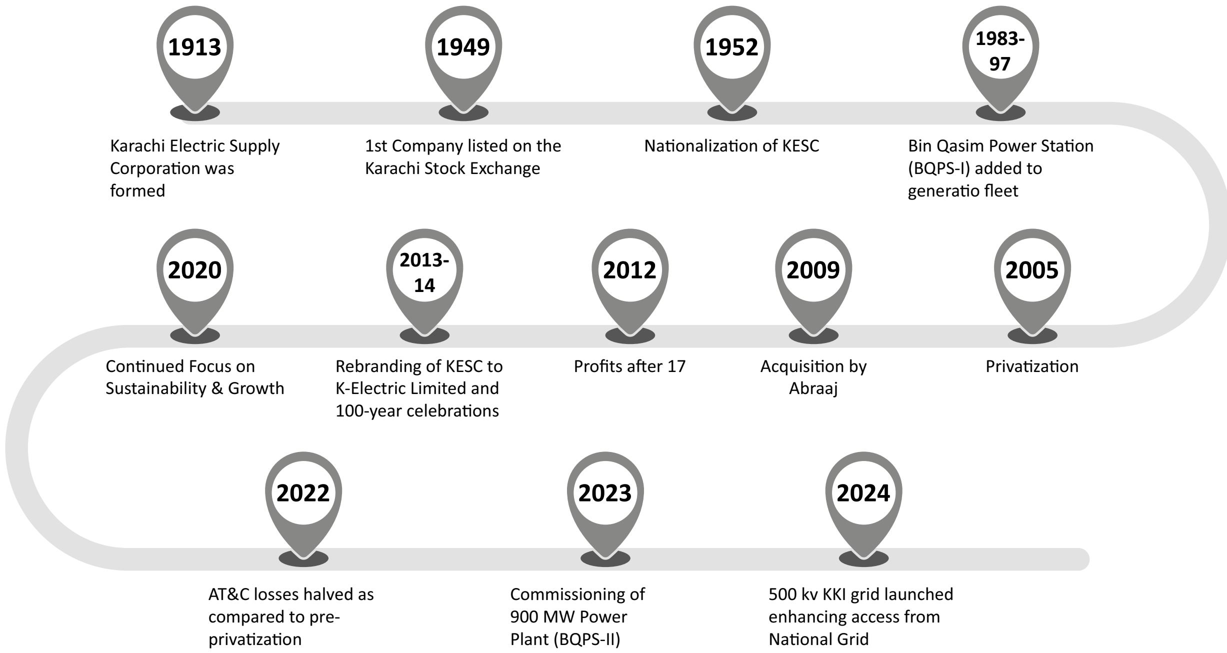
3.3 ORGANIZATIONAL STRUCTURE



3.4 MAJOR HISTORICAL EVENTS



3.5 DETAILS OF MATERIAL PROPERTIES

The details of immovable fixed assets (land and buildings) of the Company as of June 30, 2024[12], are as follows:

Particulars	Location	Total Area of Land Square Yards
Power Plants		
Bin Qasim Power Complex	Bin Qasim, Karachi	1,079,979
Korangi Power Station	Korangi, Karachi	545,516
Site Gas Turbine Power Station	S.I.T.E., Karachi	27,491
Korangi Town Power Station	Korangi, Karachi	19,360
Open Plots		
Open plot in Deh Kharkhero for Grid	Malir, Karachi	250,107
Open plot at Green Belt P.E.C.H.S. for Grid	P.E.C.H.S., Karachi	10,275
Open plot for Complain center in Uthal survey 755	District Lasbella	2,000
Open plot in Gulistan-e-Joher (FL-15-16)	Gulistan-e-Joher, Karachi	9,680
Shireen Jinnah Colony Yard	Clifton, Karachi	1,233
Open plot for KE Officers Club	Phase VIII, DHA, Karachi	6,000
Open plot in Taiser Town Sector-45 for substation	Taiser Town, Karachi	1,540
Open plot in Baldia Town Scheme-29 for substation	Baldia, Karachi	750
Open plot in Hawksbay Scheme-42 for substation	Hawksbay Scheme-42, Karachi	680
Open plot in Lyari Qtrs Old Kalri for substation	Lyari, Karachi	280
Open plot in S.I.T.E (Pump House)	S.I.T.E., Karachi	725
Open plot in SUR-78 DEH Thoming for Grid Station	Scheme 33, Karachi	7,623

[12] As provided by Company management

Particulars	Location	Total Area of Land Square Yards
Open plot in Deh Halkani, Mangopir for Grid Station	Mangopir, Karachi	9,680
Open plot in Pir Gul Hassan Town Phase 2, Ring Road		
91-92, Scheme 33 for Grid Station	Scheme 33, Karachi	8,249
Open plot in Army Directorate Housing Scheme		
Askari-V, Malir Cantt for Grid Station	Malir Cantt Karachi	9,680
Offices		
KE Head Office	Gizri, DHA, Karachi	19,405
Elander Road	Elander Road, Karachi	22,091
AL-Mava	P.E.C.H.S., Karachi	2,000
Other Offices	Various areas in Karachi	9,810
Residential Colonies		
Gulshan-e-Hadeed	Bin Qasim, Karachi	121,000
Korangi	Korangi, Karachi	1,200
Grid Stations / IBCs / substations / stores	Various areas in Karachi	1,417,249

3.6 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 drawl 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

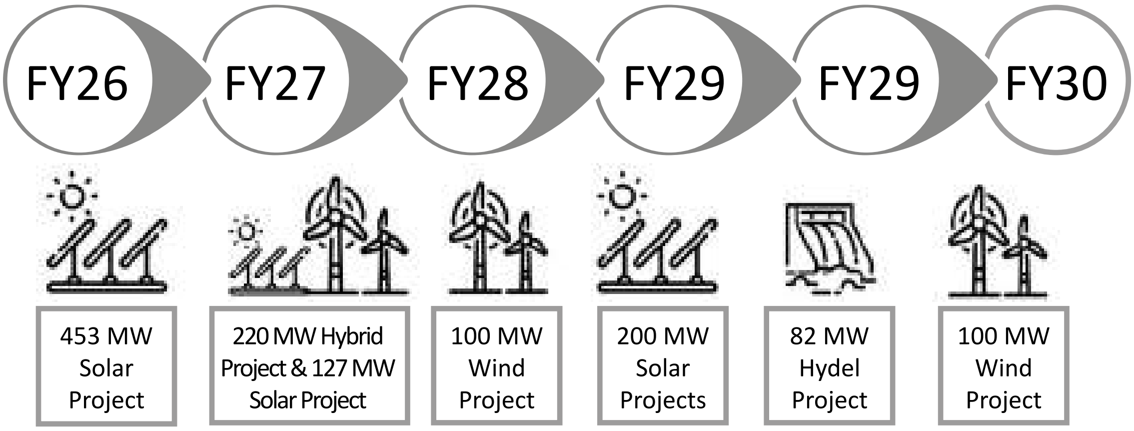
30%

- ⬆ **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:

1. Addition of one (1) 500kV grid, three (3) 220kV grids, and nine (9) 132kV grids over the planning period.
2. Addition of 450km of new transmission circuits.
3. Augmentation of (3) x 220/ 132kV auto transformers and (4) x 132/ 11kV power transformer at existing grids.
4. Extension of 220kV and 132kV transformers and lines bays.
5. Overhauling of GIS bays for optimum performance and safety.
6. Replacement of old power transformers and allied equipment.
7. Replacement of relays and allied equipment.
8. RTV Coating and services/installation and replacement of composite insulators which would reduce the requirement for cleaning and tripping hazards.
9. Tower structure rehabilitation / transmission line allied equipment necessary for network safety and reliability
10. Underground cable replacement to improve system resilience.
11. Rehabilitation and replacement work in the current network, with a focus on crucial 220 kV and 132 kV Transmission Lines.
12. Rerouting of lines having access issues leading to deterioration of transmission asset, through wider, accessible corridors.
13. 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:



c. 1,282 MW Renewables

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 has successfully obtained NEPRA's approval for separate tariff determinations for each business segment, which will be effective from July 2023 onwards.

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:

1. Tariffs for generation plants include capacity payments & energy payments which will ensure adequate cost recovery of both variable and fixed costs.
2. Adjustment for actualization of foreign cost of debt also covering exposure of exchange variation on loan balances and markup.
3. Annual Adjustment for under/over recovery including O&M.
4. Robust indexation mechanism for uncontrollable factors like sales growth, KIBOR, SOFR, etc.

NEPRA approved the Generation tariff for all its power plants for the period post June 2023 in October 2024. The Multi-Year Tariffs for Transmission, Distribution, and Supply businesses were also approved in May 2025.

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

K-Electric (KE) was issued a Distribution License # 09/DL/2003 on July 21, 2003, which also included the function for supply of electric power services. KE's Distribution License was granted for a period of twenty (20) years, which expired in July 2023. In 2018, certain amendments were made in the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (NEPRA Act) which require separate licenses for distribution and supply businesses.

Accordingly, prior to expiry of the Distribution License in July 2023, and in accordance with the regulatory changes introduced in 2018, KE filed separate license applications for Distribution and Electric Power Supply businesses.

NEPRA approved the grant of the Distribution License as well as the Supplier License to KE for a period of 20 years on January 19, 2024.

3.7 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 17th 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

3.8 VENDORS TO THE ISSUER

A significant portion of KE's total payments is made to fuel & power suppliers. Major contributors are listed below:

	Major	Item	% share[13]
	Fuel Suppliers		
1.	Pakistan LNG Limited	RLNG	41.4%
2.	Sui Southern Gas Company Ltd	Gas	20.2%
3.	Pakistan State Oil	Fuel	5.6%
	Power Suppliers		
1.	NTDC/CPPA-G	Power Purchase	18.0%
2.	Gul Ahmed Energy Limited	Power Purchase	3.9%
3.	Tapal Energy (Pvt.) Limited	Power Purchase	4.2%
4.	Sindh Nooriabad Power Company (Pvt.) Limited	Power Purchase	2.6%
5.	FFBL Power Company Limited	Power Purchase	2.6%
6.	Lucky Cement Limited	Power Purchase	0.0%

[13] % share of suppliers/vendors based on billed invoice

	Major	Item	% share[13]
7.	Gharo Solar (Pvt) Ltd	Power Purchase	0.5%
8.	Oursun Pakistan Limited	Power Purchase	1.0%
9.	Lotte Chemical	Power Purchase	0.0%
10.	Inter' Industries Limited	Power Purchase	0.0%
11.	Inter' Steel Limited	Power Purchase	0.1%
	Total		**100%**

A Gas Sales Agreement (GSA) with Pakistan LNG Limited was executed in August 2011, amended on June 2023, for supply of 150 mmcfd of RLNG to KE's 900 Mn Bin Qasim power plant. KE has a long-term furnace oil supply agreement with Pakistan State Oil. For gas supply from Sui Southern Gas Company (SSGC), KE does not have a signed Gas Supply Agreement. However, continued gas supply is ensured through active collaboration with GoP and SSGC and by posting bank guarantees for timely payment to SSGC for gas supply. Power Purchase Agreements have been signed with 11 IPPs, details of which are as below:

Power Purchase Agreements				
	IPP	**Commercial Operation Date**	**PPA End Date**	**Total Tenor of PPA (Years)**
1.	Sindh Nooriabad Phase 1	18-Jan-18	17-Jan-43	25
2.	Sindh Nooriabad Phase 2	23-Jan-18	22-Jan-43	25
3.	Sindh Transmission & Dispatch Company	23-Jan-18	22-Jan-43	25
4.	CPPA-G	05-Jan-24	04-Jan-34	10
5.	International Steel Ltd	29-Jan-08	28-Jan-28	20
6.	International Industries Ltd	02-May-09	01-May-29	20
7.	FFBL Power Company	19-May-17	18-May-47	30
8.	Lucky Cement Limited	09-Apr-21	30-Sep-26	5
9.	Oursun Pakistan Limited	30-Nov-18	28-Nov-43	25
10.	Gharo Solar (Pvt) Ltd	23-Dec-19	22-Dec-44	25
11.	Lotte Chemical Pakistan Limited	23-Jul-20	22-Jul-25	5

(This space has been left blank intentionally)

[13] % share of suppliers/vendors based on billed invoices.

3.9 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:

<table>
<tr><th colspan="4">Regulatory Licenses</th></tr>
<tr><th>License</th><th>Issue Date</th><th>Expiration Date[7]</th><th>Details</th></tr>
<tr><td rowspan="2">Generation (GL/04/2002)</td><td>Nov 18, 2002</td><td>Nov 17, 2027</td><td>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:</td></tr>
<tr><td colspan="3">
<table>
<tr><th>DETAILS</th><th>BPQS-I</th><th>KCCPP</th><th>KGTPS</th><th>SGTPS</th><th>BQPS-II</th><th>BQPS-III</th></tr>
<tr><td>COD</td><td>1983-97</td><td>2008-15</td><td>2009-15</td><td>2009-15</td><td>2012</td><td>2023</td></tr>
<tr><td>End of Useful Life[8]</td><td>2018-32</td><td>2039-40</td><td>2039-40</td><td>2039-40</td><td>2042</td><td>2053</td></tr>
</table>
</td></tr>
<tr><td>Transmission (TL/02/2010)</td><td>June 11, 2010</td><td>June 10, 2030</td><td>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.</td></tr>
<tr><td>Distribution (DL/09/2024)</td><td>Jan 19, 2024</td><td>Jan 18, 2044</td><td>The license allows KE to carry out distribution service and make sales of electric power in its Service Territory.</td></tr>
<tr><td>Supply (SOLR/09/2024)</td><td>Jan 19, 2024</td><td>Jan 18, 2044</td><td>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.</td></tr>
</table>

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

3.10 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
5	BYCO	Common Directorship	Purchase of furnace oil & lubricants	1,181	-	-

[7] As per Licenses issued by NEPRA

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

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**

3.11 PERFORMANCE OF LISTED ASSOCIATED COMPANIES OVER WHICH ISSUER HAS CONTROL

The Issuer has no listed associated companies over which it has control.

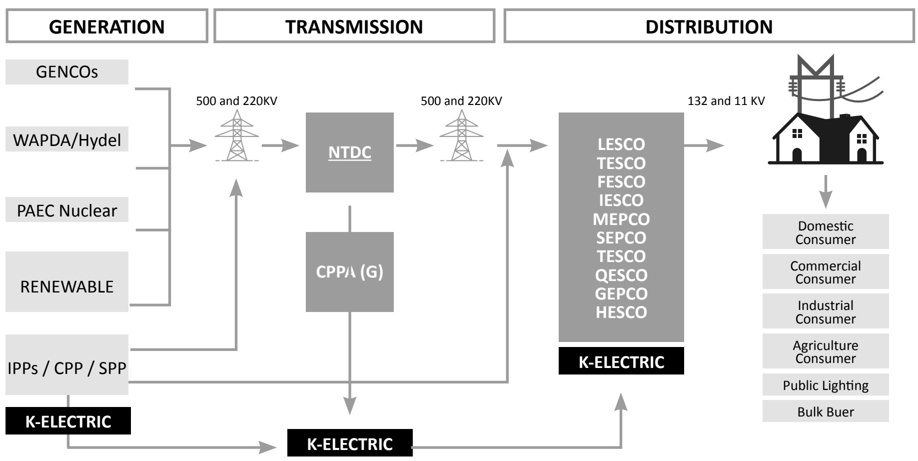
3.12 INDUSTRY OVERVIEW AND SECTOR ANALYSIS

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



1. **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 as on 30th June 2024[9].

2. **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.

[9] NEPRA's State of the Industry Report 2024

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.

3. 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). As of FY 24, PPIB had successfully commissioned 100 IPPs with cumulative capacity of around 24, 958 MW, including 46 multi-fuel based IPPs of 22,174 MW and 54 are IPPs of 2,784 MW[10] . As of March 13, 2025, 88 IPPs were operational as per the PPIB[11]

GENCOs as on June 30, 2024 are as follows:

	Public Sector GENCOs	Dependable Capacity (MW)
1.	Jamshoro Power Company Limited – GENCO-I	300
2.	Central Power Generation Company Limited – GENCO-II	1,361
3.	Northern Power Generation Company Limited – GENCO III	950
4.	Lakhra Power Generation Company Limited – GENCO IV*	-

*GENCO is defunct, as its units are redundant having exceeded their operational lifespans[12].

4. 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[13].

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.

5. 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.

[10] NEPRA' s State of the Industry Report 2024
[11] https://www.ppib.gov.pk/commisioned_ipps.html
[12] https://profit.pakistantoday.com.pk/2025/03/05/govt-begins-bidding-process-for-inactive-power-plants/
[13] NEPRA' s State of the Industry Report 2024

6. State-Owned Distribution Companies

As of 30 June 2024, there were 10 state-owned Distribution companies ("**XWDISCOs**") having exclusive distribution rights within their service territory as per the distribution license granted by NEPRA. In 2023, Hazara Electric Supply Company (HAZECO) was formed by bifurcation of the Peshawar Electric Supply Power Company[13]. HAZECO received its 20-year electric power supply license in May 2025[14].

XWDISCOs	
1. Faisalabad Electric Supply Company (FESCO)	7. Multan Electric Power Company (MEPCO)
2. Gujranwala Electric Power Company (GEPCO)	8. Peshawar Electric Power Company (PESCO)
3. Hazara Electric Supply Company (HAZECO)	9. Quetta Electric Supply Company (QESCO)
4. Hyderabad Electric Supply Company (HESCO)	10. Sukkur Electric Power Company (SEPCO)
5. Islamabad Electric Supply Company (IESCO)	11. Tribal Electric Supply Company (TESCO)
6. Lahore Electric Supply Company (LESCO)	

7. K-Electric Limited (KE)

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 2,397 MW, KE has arrangements of 1,600+ 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 1,394 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

In the FY 2023-24, the sale of electricity to the National Grid, which includes the energy supplied to KE, saw a decrease of around 3% as in the previous FY 2022-23, from 112,902 Gwh to 109,707 Gwh. These figures do not include KE's own generation and purchases from IPPs. Within KE itself, the sale of electricity also saw a reduction to 15,025.11 GWh in FY 2023-24, as against 15,553.83 GWh sales registered in the preceding FY. Majority sectoral share of consumption is by domestic consumers 54,042 GWh, followed by industrial at 27,777 GWh, then commercial at 9,073 GWh, and agricultural at 8,578 GWh.

Sector Wise Electricity Consumption				
GWh	**CPPA-G**	**KE**	**Total**	**Total %**
Domestic	47,143	6,899	54,042	49.3%
Industrial	22,532	5,245	27,777	25.3%
Commercial	7,251	1,822	9,073	8.3%
Agricultural	8,559	19	8,578	7.8%
Bulk Supply	4,137	519	4,656	4.2%
General Services	3,197	463	3,660	3.3%
Others	1,267	-	1,267	1.2%
Public Lighting	596	58	653	0.6%
Supplied to KE	8,538	-	-	-
Total	**103,220**	**15,025**	**109,707**	**100.0%**

Source: NEPRA State of Industry Report, 2024

[13] https://www.brecorder.com/news/40254248

[14] https://profit.pakistantoday.com.pk/2025/05/27/nepra-awards-20-year-electricity-distribution-licence-to-hazara-electric-supply-company/

Sector Challenges

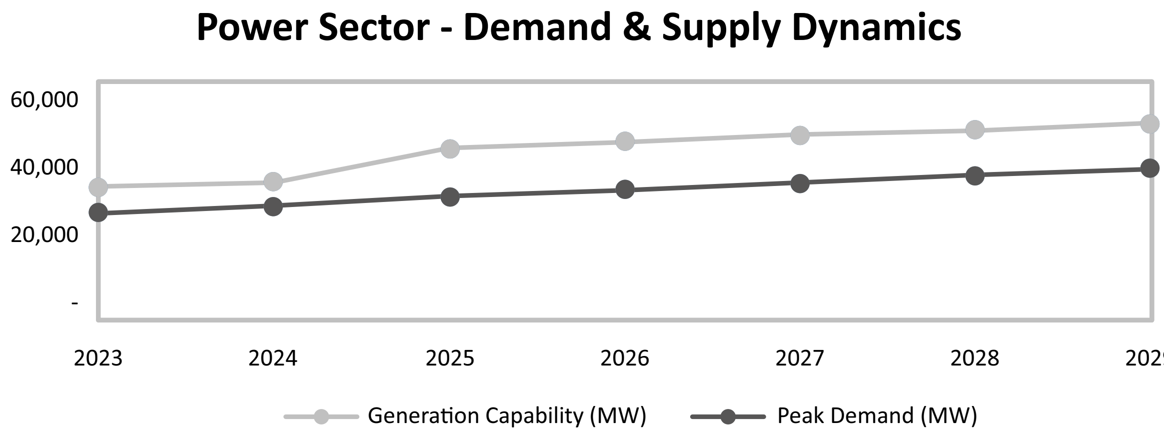
Recently, the power sector has seen major developments as the Government has given high priority to this sector. However, despite capacity additions of over 10,600 MW in the period of five years during FY2019 (35,979 MW[15]) - FY2025 (46,605 MW[16]), overall energy planning remained fragmented across the energy value chain. Even with significant additions in the generation segment, the power sector faces the below challenges:

1. Circular Debt: Pakistan's power sector is grappling with a rising circular debt, which has grown to PKR Rs 2.396 trillion as of March 2025. This debt results from inefficiencies across the sector, including poor revenue collection, transmission losses, and delays in subsidy payments from the government. The circular debt issue poses a major challenge to the financial sustainability of power distribution companies and IPPs.

2. Transmission and Distribution Limitations: Pakistan's national grid's transmission and distribution capacity which falls short of the actual demand during peak periods. This limitation leads to load-shedding despite sufficient installed capacity. The government has initiated projects to upgrade the transmission network to resolve this issue.

3. High Production Costs: The reliance on imported fuels, especially liquefied natural gas (LNG) and oil, has increased the cost of electricity production. Coupled with the devaluation of the Pakistani rupee, this has resulted in higher electricity tariffs, impacting consumers and industrial competitiveness.

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, (Actual Figures for FY23 and FY24)

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 Power Holding Limited (PHL) borrowing and late-payment penalty charges on CPPA-G payables. As of June 30, 2024, circular debt of the power sector had reached 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.The power sector's circular debt touched Rs2.396 trillion at the end of the first three quarters (July-March) of the current fiscal year, FY25, showing a modest Rs2 billion increase since July 1, but almost Rs398bn lower compared to March 2024. The Power Division's report on circular debt for the period ending March 2025 showed that payables to power producers increased by around Rs33bn to Rs1.633trillion, up from Rs1.60trillion on July 1, 2024. On the other hand, the payables of public sector generation companies (GENCOs) to fuel suppliers declined to Rs79bn by the end of March, down from Rs110 Bn at the start of the fiscal year[17].

[15] NEPRA's State of the Industry Report 2024 and 2022
[16] https://tribune.com.pk/story/2550059/power-capacity-rises-to-46605mw
[17] NEPRA's State of the Industry Report 2024

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)

In November 2024, the Government had approved the Circular Debt Management Plan for FY24-45 with the aim to limit the increase in circular debt to PKR 36 Bn for the year, i.e. reaching Rs2.429 trillion by June 2025[18]. In May 2025, the International Monetary Fund (IMF) agreed to GoP's detailed plan to address circular debt[19].

It will be achieved in a multi-pronged approach including by renegotiating arrears with Independent Power Producers (IPPs). Certain amounts will be cleared using already-budgeted subsidies, while some will be paid through CPPA's cash flow. Additional amounts will be resolved through the waiver of interest fees, and others will be settled via further already-budgeted subsidies.

The remaining Rs1.25tr will be borrowed from commercial banks to fully repay all loans held by Power Holding Limited (PHL). These loans will be repaid over six years through revenues generated by a debt service surcharge[20].

IPPs | Amendments to the PPAs

IPPs, falling under pre-1994, 1994 and 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[21]. Key terms include rebased tariffs, profit-sharing adjustments, and changes to indexation mechanisms.

The GoP also approved in October 2024 to terminate the PPAs of 5 IPPs, which is said to benefit electricity consumers to the tune of Rs 60 billion annually, reducing per-unit electricity costs, and saving the national treasury Rs 411 billion overall[22].

In December 2024, the federal cabinet also approved settlement agreements with eight bagasse-based power producers on the recommendations of the Ministry of Energy and the Power Division. According to the GoP, the settlements with these eight IPPs are projected to lower electricity costs for consumers and yield savings of Rs 238 billion for the national treasury[23].

3.13 BUSINESS PLAN TO TURN THE COMPANY INTO A PROFTABLE VENTURE

K-Electric has had a profitable track record in the past with a net profit of PKR 8.52 Bn in FY22 and PKR 11.99 Bn in FY21. However, KE recorded a net loss in FY23 since its performance in the year was significantly impacted by the socio-political and macroeconomic challenges and the previous tariff structure. KE's last Multi-Year Tariff (MYT) expired on June 30, 2023 and keeping in view learnings from the previous MYT, as well as consistent with other power entities, under the MYT filed by KE for the period FY 2024 to FY 2030, KE made certain requests to provide due coverage against the risks which KE was exposed to and resultantly impacted KE's profitability in the last MYT, and at the same time incentivize KE to bring efficiency improvements.

In light of the requests made by KE and detailed deliberations with NEPRA as part of the regulatory proceedings, the MYT 2024-2030 recently approved by NEPRA includes indexation of finance cost and currency devaluation as well as actualization of units sent-out. Hence, the MYT 2024-2030 envisages expected improvements on various fronts, which will help the Company continue the investment journey in the interest of consumers.

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[18] https://profit.pakistantoday.com.pk/2024/11/05/circular-debt-management-plan-approved-rs637bn-loss-projected-from-theft-low-bill-recoveries/
[19] https://mettisglobal.news/imf-agrees-to-pakistans-circular-debt-makeover/
[20] https://profit.pakistantoday.com.pk/2025/05/15/pakistan-to-brief-imf-on-circular-debt-carbon-levy-and-power-sector-reforms/
[21] https://www.brecorder.com/news/40336013/17-ipps-of-1994-2002-policies-deal-reached-on-hybrid-take-and-pay-model
[22] https://www.brecorder.com/news/40326447
[23] https://profit.pakistantoday.com.pk/2024/12/14/govt-to-terminate-power-agreements-with-six-more-ipps/

Below are the main reasons for the FY23 net loss and how the MYT 2024-2030 addresses these issues ensuring sustainable profitability in the long run for the Company:

1. Economic slowdown led to a decrease in sent outs by approximately 7.3% which significantly impacted the Company's gross profitability in FY23. In the MYT 2024-2030, NEPRA has approved actualization of sent-out units hence protecting KE against the risk of lower than projected sales.

2. Devaluation of PKR resulted in a significant exchange loss of PKR 4.38 Bn in FY 23. An indexation mechanism has been included in the MYT 2024-2030 to provide coverage against adverse currency movement on borrowings.

3. Increase in tariff and inflation resulted in an increase in impairment loss due to significant decrease in propensity to pay of the customer. In line with KE's request for a recovery loss allowance premised on the directives included in the Government of Pakistan's National Electric Policy 2021, NEPRA has included a recovery ratio trajectory with annual improvement targets. As per the approved trajectory, NEPRA has set a recovery target of 93.25% for FY 2024 with gradual improvement to 96.5% by FY 2030. Recovery loss allowance component based on an improvement curve of the recovery ratio through a set procedure, will ultimately help in timely cost recoupment and cash flows.

4. A significant increase in discount rate in FY 22 and FY 23 resulted in a drastic increase in finance cost. The same increase, however, was not passed on to the consumers due to a fixed cost of borrowing in the previous MYT structure and resultantly impacted the Company's profitability. Under the MYT 2024-2030, indexation mechanism for catering to variation in borrowing rates is included which provides KE due coverage in line with moving finance costs.

In addition to the above, going forward, the Company has prepared a robust network investment plan of USD 2 Billion for the period FY 24 to FY 30, focusing on growth, loss reduction, network improvement, and technological advancements. The same is expected to help KE achieve a 30% growth in its customer base, a 30% increase in KE's share of renewables and another 30% reduction in power outages alongside a targeted reduction of 1.95% in T&D losses.

Moreover, 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 640 MW renewable projects, which is a testament to investor confidence in KE. NEPRA has approved the bids received for these projects and the projects shall be executed, subject to completion of the regulatory process.

The Company remains committed to investing and improving operationally, enhancing its service levels and customer experience, while capitalizing on the value drivers in the MYT 2024-2030.

Note: KE has filed a review motion with NEPRA on certain aspects of the MYT 2024-2030 and based on media reports, Power Division (Ministry of Energy) has also filed a review motion in the matter of KE's MYT 2024-2030. As per process, the review motions are to be processed by NEPRA after formal admission, confirmation of which is awaited.

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3A SHARE CAPITAL AND RELATED MATTERS

3A (I) 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**

3A (II) PATTERN OF SHAREHOLDING

Please refer to Para 3.1.4 of the prospectus.

3A (III) 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

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**	

Note:

1. S. No. 4: The shareholders of KE, by way of a special resolution passed in the EOGM held on May 27, 2002, resolved the reduction of share capital of KE, subsequent to the completion of the conversion of all GoP loans and GoP guaranteed loans of Rs. 65,341 million into equity (Note # 17.6 of KE's Annual Report 2023). The paid-up capital, which was lost or not represented by assets of KE, to the extent of Rs. 6.50 per share on each of the issued ordinary shares of KE at that time, was reduced and a new nominal value thereof was fixed at Rs. 3.50 per share. The High Court of Sindh, vide its order, dated October 12, 2002, ordered the reduction in the nominal value of share capital of KE by Rs. 6.50 per share. The Board of Directors of KE in its meeting held on October 26, 2002, also approved the reduction in nominal value of share capital, amounting to Rs. 57,202 million. The GoP, vide its Finance Division letter dated January 31, 2003, conveyed the sanction of the President of Pakistan to write-off the GoP equity in KE. Accordingly, the reduction in share capital of Rs. 57,202 million was adjusted against the accumulated losses of KE. (Note # 17.8 of KE's Annual Report 2023)
2. **S. Nos. 7-11:** All shares via these Right Issues were issued at a price of PKR 3.5/- each.
3. **S. No. 13:** The shareholders of KE, by way of a special resolution passed in the Extra Ordinary General Meeting (EOGM) of KE, held on October 8, 2012, resolved to issue additional share capital to International Finance Corporation (IFC) and Asian Development Bank (ADB). As a result of the said resolution, KE issued 698,071,428 ordinary shares and 696,785,714 ordinary shares, having a face value of Rs. 3.5 each, to IFC and ADB, respectively. The issuance of shares was made pursuant to terms of the amended subscription agreement dated May 5, 2010, whereby, the aforementioned lenders exercised their right to convert their debt of USD 25 million each into ordinary shares of KE,(Note # 17.2 of KE's Annual Report 23).

3A (IV) BONUS SHARES, RIGHT SHARES AND NON-CASH SHARES ISSUED DURING THE PRECEDING YEARS

BONUS SHARES, RIGHT SHARES AND NON-CASH SHARES ISSUED DURING THE PRECEDING YEARS						
S. No.	**Description of Shares Issued**	**Number of Shares Issued**				
		Bonus Shares	**Non-Cash Shares**	**Right Shares**	**Par Value (PKR)**	**Date of Allotment**
1	First Right Issue (31%)	-	-	4,081,714,286	3.5	24 Oct, 2009
2	Second Right Issue (14.5%)	-	-	2,501,074,444	3.5	15 Mar, 2010
3	Third Right Issue (7.8%)	-	-	1,540,489,370	3.5	1 Jan, 2011
4	Fourth Right Issue (7.25%)	-	-	1,543,550,599	3.5	3 Jan, 2012
5	Fifth Right Issue (9.20%)	-	-	2,100,719,138	3.5	25 June, 2012
	Total	**-**	**-**	**11,767,547,837**		

3A (V) 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.

AD198991

100
Rupees

SYED RIAZ MUSTAFA RIZVI
Stamp Vendor License # 58

18 OCT 2024

Notary Public
KARACHI PAKISTAN

Date: 7 February, 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 Aamir Ghaziani
Chief Financial Officer

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

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 the Sukuk Issue.

A detailed breakdown of working capital requirements serviced by the Sukuk is provided below:

Utilization of Proceeds				
	Nature	**Supplier**	**Sukuk Allocation**	**Average monthly billing**
	Pre-IPO Proceeds			
1.	Power Purchases	Sindh Nooriabad Power Company (Pvt.) Limited & FFBL Power Company Limited	PKR 1,000 Mn	c. PKR 1,500 Mn*
	IPO Proceeds			
	Fuel payments	Pakistan LNG Limited	PKR 2,000 Mn	c. PKR 10,000 Mn**
	Total		**PKR 3,000 Mn**	

** c. 150 MW of electricity is being procured on a monthly basis from SNPC and FFBL.*

*** c. 80-90 mmcfd of RLNG is being procured on a monthly basis from PLL.*

The Company maintains ample alternative working capital facilities totaling approximately PKR 130 Bn. The Sukuk proceeds (PKR 3,000 Mn) represent only **2.2%** of the total working capital available, ensuring availability of funding sources for overall liquidity needs.

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).

The Sukuk Issue's tenor shall be 12 (twelve) months from the Issue Date, with monthly profit payments. The Sukuk Issue has a profit rate of the Base Rate (3-month KIBOR) + 0.20% p.a.. The 3-month KIBOR shall be reset every 3 months (please refer to definition of Base Rate Setting Date and Base Rate Resetting Date in the 'Definitions / Glossary of Technical Terms'). The profit rate is subject to a floor of 2% p.a. and a cap of 25% p.a. to comply with Shariah principles*.

The Shariah structure of the Sukuk Issue (Musharaka Shirkat-ul-Aqd) involves partnership in the Musharaka business which is detailed in Part 5.15 (Shariah Structure of the Issue). The Musharaka business shall produce either a profit or a loss, in both of which the Issuer and the Sukuk Certificate Holders shall have a share as per the profit / loss sharing ratio detailed in Part 5.15.

The Sukuk is Unsecured and in the hierarchy of creditors, the Investors shall rank after the secured lenders/investors of the Company. Further, there is no need of a Special Purpose Vehicle ("SPV") as Investors are investing on a Shirkat-Ul-Aqd basis to finance the working capital needs of the Company.

*Note: In Shirkat-ul-Aqd (contractual partnership) financing, a floor and cap on profit distribution are often implemented to manage risk and ensure fairness between partners. A floor guarantees a minimum profit for the financier, providing a safety net during periods of lower-than-expected returns. Conversely, a cap limits the financier's profit, preventing excessive gains at the expense of the other partner, especially when the business performs exceptionally well. This mechanism helps to balance the risk-reward profile for all parties involved in the partnership, adhering to Sharia principles of fairness and avoiding excessive profit or loss for any single partner.

Provisional Profit Payment Methods
The Sukuk Issue offers a novel option for how the investors may receive their monthly profit payment. Investors may choose between the below two possible modes of profit payments:

1. **Mode 1:** Monetary payment in the bank account as per CDC's profit register, i.e. the customary method.
2. **Mode 2:** Adjustment in the electricity bills issued by K-Electric against the investor's provided KE account number at the time of subscription.

During the IPO subscription period, the investors shall be able to choose their preferred profit payment method via their respective choice of subscription i.e. the Application Form, CDC's e-IPO system, or the PSX e-IPO system. Additional fields in each subscription method have been incorporated similar to the below to facilitate this:

<table>
<tr><td>KE Consumer
(Please Tick)</td><td>Yes</td><td></td><td>No</td><td></td><td></td><td colspan="6">KE Account Number
(if KE Consumer)</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Profit Payment Method
(Please Tick)</td><td colspan="2">Account
Transfer</td><td></td><td colspan="3">Adjustment in
K-Electric Bill</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
</table>

Eligibility and Conditions for Profit Payment Mode 2
However, 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.

Provisional Profit Payments

The first provisional 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 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.

As per the Shariah structure of the Sukuk Issue (Musharaka Shirkat-ul-Aqd), there are two (02) tiers of profit due to investors, i.e. Tier 1 and Tier 2 profits.

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 the applicable profit rate (3-month KIBOR + 0.20% p.a.) 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. Mode 1: Monetary payment in the bank account as per CDC's profit register, i.e. the customary method.

1. Following the book closure date (3 / 4 days prior to the profit due date (as may be applicable, provided that, at all times throughout the tenor of the Sukuk Issue, the Issuer shall ensure that the maximum book closure is in accordance with the limit prescribed under Section 125 of the Companies Act, 2017 and any extensions granted thereunder by the SECP to the Issuer including, but not limited to, the extension granted to the Issuer by the SECP pursuant to their Letter No. SMD/PRDD/Comp/(16)/2021/156 dated November 18, 2024)) for each month, the Registrar will prepare a payment register and share it with the Issue Agent & Issuer.
2. 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. Mode 2: Adjustment in the K-Electric electricity bills

1. Following the book closure date, the Registrar will make the payment register and share it with the Issue Agent & Issuer.
2. Adjustments shall be made in the bill being generated immediately after the profit due date against the investor's provided KE account number at the time of subscription.
3. 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.
4. ***"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."***
5. 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.
6. 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.
7. Investor will remain obligated to pay their remaining bill amount by their respective bill's due date.

A simple illustration as follows depicts the process for Mode 2:

ILLUSTRATION : PROFIT PAYMENT MODE 2 - ADJUSTMENT IN BILL

Sukuk Profit Payment Due Date	KE Bill Issued	Bill Payment Due Date
Jan 4, 2025	**Jan 14, 2025**	**Jan 29, 2025**
• Certificate Holder receives an SMS informing about their due profit amount of PKR XXX and its adjustment in the future bill.	• Certificate Holder's bill is generated for the Bill Month of January. • Profit of PKR XXX is adjusted and reflected in their bill as a credit.	• KE Conusmers have 14 days to pay their bills. • Certificate Holder's pays the remaining bill amount by its due date.

For abundant clarity:

1. KE's bills are generated between 6th to last date of each respective calendar month.
2. Issue Date shall be fixed between 3rd to 5th date of a calendar month, as the last day of IPO subscription.
3. Thus, profit due date shall be set between 3rd to 5 th date of each calendar month.
4. Hence for bill adjustment, option the investor will get adjustment of profit in the bill being generated immediately after the profit due date.
5. Minimum number of days between profit due date and bill issuing date is 1 day, whereas maximum number of days possible is 28 days.

Profit Payment Mode 2 – Excess Profit

Under Profit Payment Mode 2, if the monthly profit due is greater than the corresponding K-Electric bill amount (such amount being the "Excess Profit"), the Investor has two options. The Investor may choose not to take any action and as an automatic mechanism, the Excess Profit that stands as an investor's KE consumer credit will be carried forward to their subsequent month's bill. The amount carried forward will hence be credited in the upcoming month's bill. The Investor may also choose to have the Excess Profit transferred into the designated bank account against the KE account number by the process described as below, if requested by the investor within 4 (four) days of the bill issuance. There shall be no additional return paid on Excess Profit since it is not being re-invested at any point because of limitations posed by Shariah related to profit on profit and no new Sukuk Certificates being issued.

Below is a detailed process whereby the investor can ask to have the excess profit released to them as bank transfer:

1. Within 4 (four) days the investor has to raise a written request via email to retail.sukuk@ke.com.pk with the following subject: "*Request to Release Retail Sukuk Credit Profit Balance*". Such email request must include the IBAN number (as per the CDC records/register) along with a scan of their CNIC.
2. The KE Treasury team will be reviewing the case and then transferring the excess funds into the investor's respective bank account.
3. 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 15 (fifteen) days from their email request.

Tier 2 Profit:

The Tier 2 profit amount refers to any profit due above the Tier 1 profit ceiling as detailed in Section 5.15 (*Shariah Structure of the Issue*). 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 broken period profit payments from the date of their subscription. The broken period profit will be paid at the same rate as the profit rate for the Sukuk, i.e. Base Rate (3-month KIBOR) plus 0.20% p.a. Before the Issue Date, in relation to the Pre-IPO placement, the Base Rate would be set on the first disbursement date utilizing the Base Rate prevailing 1 (one) working day prior to the first disbursement date of the Pre-IPO placement. Broken period for Pre-IPO placement began from the first disbursement date i.e. 24th April 2025. 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 respect of the Provisional Profit) 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 5 (five) 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.

Musharaka Loss

The underlying Musharaka business of the Sukuk Issue may produce a loss, in which the Issuer and the Sukuk Certificate Holders shall have a share as per the profit / loss sharing ratio detailed in Part 5.15 (Shariah Structure of the Issue) as per their investment. The Sukuk Investors may have to return the amount of the Provisional Profit Payments along with the proportionate loss in the Musharaka Investment. However, the Integrated Business Centers (IBCs) that have been made part of the Musharaka business have remained consistently profitable, as detailed below:

IBCs Performance				
Period	**Jan'22-Dec'22**	**Jan'23-Dec'23**	**Jan'24-Dec'24**	**Jan'25-Apr'25**
Units Billed (Gwh)	9,063	8,609	8,475	2,324
Gross Profit Gross Profit (PKR Mn)	61,007	76,553	61,646	20,453

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 Pre-IPO**	**% Allocation of Total Issue**
1	CDC -Trustee Meezan Daily Income Fund – Meezan Munafa Plan 1	291,810,000	29.18%	9.73%
2	BPS Group Companies Employees Provident Fund	150,000,000	15.00%	5.00%
3	K-Electric Employees Gratuity Fund	125,000,000	12.50%	4.17%
4	Y.B. Pakistan Limited	100,000,000	10.00%	3.33%
5	Pak Qatar Income Plan	50,060,000	5.01%	1.67%
6	K-Electric Provident Fund	50,000,000	5.00%	1.67%
7	AWT Islamic Income Fund	48,630,000	4.86%	1.62%
8	CDC-Trustee AKD Aggressive Income Fund	32,420,000	3.24%	1.08%
9	Pak Qatar Asset Allocation Plan IIA	31,000,000	3.10%	1.03%
10	786 Smart Fund	21,080,000	2.11%	0.70%
11	JDW Sugar Mills Ltd Employees Provident Fund	20,000,000	2.00%	0.67%
12	Natasha Iqbal	20,000,000	2.00%	0.67%
13	Khursheed Bano Iqbal	20,000,000	2.00%	0.67%
14	Saad Iqbal	20,000,000	2.00%	0.67%
15	The Hub Power Company Limited Staff Gratuity Fund	10,000,000	1.00%	0.33%
16	Danish Iqbal	10,000,000	1.00%	0.33%
	Total	**1,000,000,000**	**100.00%**	**33.33%**

5.3 MODE OF PAYMENT

Tier 1 Profit payment:

Provisional Profit Payment:

A. Mode 1: Monetary payment

The payment of profit shall be credited to Sukuk 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 Sukuk Holders maintained by the Registrar (appointed by the KEL).

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. Mode 2: Adjustment in the electricity bills

The payment of provisional 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.

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 account numbers.

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	The issue date means the last day of the subscription period, which date shall fall between the 3rd and 5th days of the calendar month, with the same being a business day.
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	PKR 10,000/-
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 of 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"), utilizing the Base Rate prevailing 1 (one) business day prior to the commencement of each subsequent quarterly period. 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.

<table>
<tr><td>Profit Rate</td><td>3-months KIBOR plus 20 bps, subject to a floor of 2% and a cap of 25% to comply with Shariah principles</td></tr>
<tr><td>Profit Payment Mode</td><td>
Profit to paid by Issuer in either one of the two following modes as selected by the respective Investor:

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.

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.
Mode 2 Eligibility:
Only those KE consumers who fall under the below categories shall be eligible for Mode 2:
<table>
<tr><th>Consumer Category</th><th>Tariff</th></tr>
<tr><td>General Supply Tariff – Residential</td><td>A1-R</td></tr>
<tr><td>General Supply Tariff – Commercial</td><td>A2-C</td></tr>
</table>
Provisional profit shall be calculated on a monthly basis from the Issue Date.
For the Investors opting for monetary payment, the Provisional Profit shall be credited to accounts on the due date.
Mode 2 mechanism will be as follows:
For the electricity bill adjustment option, Issuer shall net off the bill being generated in the respective month by the profit (after tax) amount. The process is further detailed above in Section 5.1.
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.
Minimum number of days between profit due date and bill issuing date is 1 day, whereas maximum number of days possible is 28 days.
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 (within 4 days of bill issuance date) for the transfer of the excess amount via email. Otherwise the excess profit shall be credited in the next month’s bill. There shall be no additional return paid on excess profit whether it is paid as per investor request or adjusted in the next month’s bill.
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.
</td></tr>
<tr><td>Profit Payment Frequency</td><td>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 (1st) month from the Issue Date, and subsequently every month thereafter.</td></tr>
<tr><td>Listing</td><td>Pakistan Stock Exchange Limited</td></tr>
<tr><td>Entity Rating</td><td>Long-Term Rating: AA (Double-A)
Short-Term Rating: A1+ (A one plus)
Rating by PACRA</td></tr>
</table>

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	**Shariah Advisor I – HBL Islamic Banking Shariah Board:** Mufti Muhammad Yahya Asim Dr. Ejaz Ahmed Samadani Dr. Zubair Usmani **Shariah Advisor II ASAS Shariah Advisory Services (Pvt.) Limited:** Mufti Syed Zahid Siraj Mufti Waseem Akhtar Mufti Muhammad Nadeem Siddiquie **Shariah Advisor III:** Mufti Ali Asghar
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 as of June 30, 2025								
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	13,750	11,250	15,755	7 Years	AA+
2	Sukuk 6 (KELSC6)*	23-11-22	6,700	670	6,030	3,428	7 Years	AA+
3	Short-Term Sukuk (STS-30)	13-03-25	7,000	Instrument is redeemed at respective maturity dates in bullet payment(s)	7,000	-	Six Months	A1+ (A One plus) by VIS
4	Short-Term Sukuk (STS-31)	16-04-25	7,000		7,000		Six Months	A1+ (A One plus) by VIS
5	Short-Term Sukuk (STS-32)	12-06-25	10,000		10,000		Six Months	A1+ (A One plus) by VIS

**Sukuk is listed on the PSX.*

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 20bps 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

Redemption Schedule				
Months	Redemption Amount	Provisional Profit	Total Payment	Musharakah Investment Outstanding
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 WITHOLDING 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.

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 2026 on Sukuk acquired after 01 July 2024 are as follows:

<table>
<tr><th colspan="4">Capital Gains Tax</th></tr>
<tr><th>Sr No.</th><th>Details</th><th colspan="2">Applicable rate of tax on Sukuk acquired after 01 July 2024</th></tr>
<tr><td>1.</td><td>For person appearing in Active Taxpayers' List</td><td colspan="2">15%</td></tr>
<tr><td rowspan="3">2.</td><td rowspan="3">For person not appearing in Active Taxpayers' List</td><td>Individuals and Association of Persons</td><td>Division I, Part I, of First Schedule to the Income Tax Ordinance, 2001</td></tr>
<tr><td>Companies</td><td>Division II, Part I, of First Schedule to the Income Tax Ordinance, 2001</td></tr>
<tr><td colspan="2">Provided in case of individuals and association of persons it should not be less than 15%.</td></tr>
</table>

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.

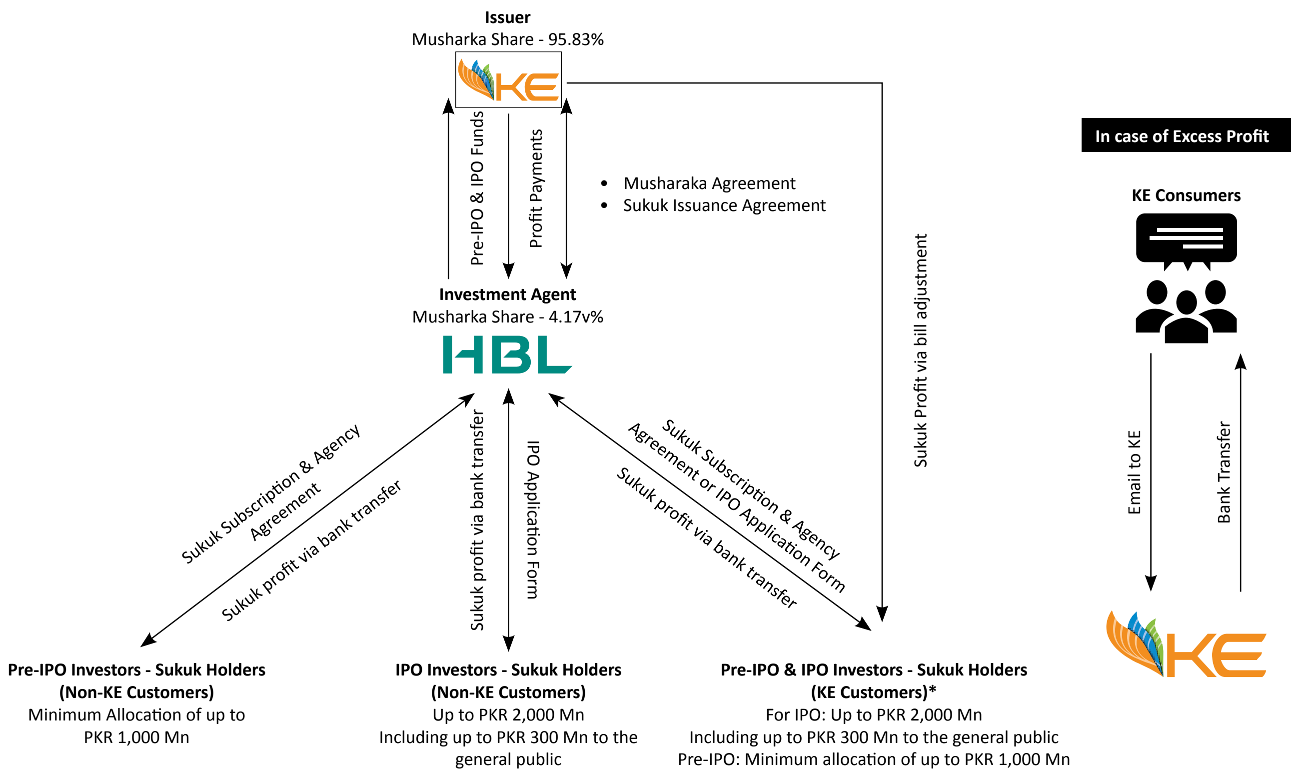
5.14 DISCLOSURE OF DEFERRED TAXATION

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.

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"). Integrated Business Centers are customer service centers designed to provide a one-window solution for all customer-related issues. They were established by merging maintenance centers and billing zones to streamline customer service. IBCs act as a central point for customers with respect to billing, collections, recoveries, operational distribution concerns, including new connections, bill adjustments, and fault repairs.

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 given in Part 15.1.3.9 below. The Musharaka Contribution by the Sukuk Investors will be invested in the specified IBCs listed below:

S. No	Integrated Business Centres	S. No	Integrated Business Centres
1.	IBC - Bahadurabad	7.	IBC - KIMZ
2.	IBC - Bin Qasim	8.	IBC - North Karachi
3.	IBC - Clifton	9.	IBC - North Nazimabad
4.	IBC - Defence	10.	IBC - Saddar
5.	IBC - F.B. Area	11.	IBC - SITE
6.	IBC - Gulshan	12.	IBC - Tipu Sultan

The specific IBCs that have been made part of the Musharaka business have remained consistently profitable throughout the history of short term sukuk issuances by K-Electric since 2022 as detailed below:

IBCs Performance				
Period	**Jan'22-Dec'22**	**Jan'23-Dec'23**	**Jan'24-Dec'24**	**Jan'25-Apr'25**
Units Billed (Gwh)	9,063	8,609	8,475	2,324
Gross Profit	61,007	76,553	61,646	20,453

Notes:

1. Profit & loss statement as per Schedule 3 of the Musharaka Agreement, 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.
2. 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.
3. 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 underlying Musharakah. Musharaka profit will be calculated at the end of the Tenor or the Musharakah End Date on the basis of the Statement of Musharaka Income as per the prescribed format 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.
4. In case the profit and loss statements provided show a Musharaka Loss, such Musharaka Loss shall be shared by the Issuer and the investors on a pro-rata basis in proportion to their respective investment in the Musharaka Investment. Upon finalization of the profit and loss statement, Investors will return the amount of the Provisional Profit Payments along with the proportionate loss in the Musharaka Investment.
5. 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.

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:

1. 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.
2. Sukuk Issuer will also be responsible for the distribution/adjustment of profit payments and the Redemption Amount upon Musharakah End Date among the Sukuk Investors in accordance with the terms of the Issuance Agreement.
3. 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 Sukuk 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 Sukuk Subscription & Issue Agency Agreement (s) 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:

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

3. Musharaka Agreement

1. Issue 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**").
2. Under this Musharakah Agreement, the Sukuk Issuer when desirous of funds, shall provide the Issue Agent a Musharakah Contribution Notice.
3. Musharakah shall begin from the Musharakah Commencement date and end at the Musharakah End date. On the Musharakah Contribution date, the Issue Agent shall provide funds to Sukuk Issuer for Investment in the Musharakah business as mentioned in point (1) above. At the time of disbursement, the phases of Pre IPO and IPO for broken period profit needs to be catered.
4. 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**
5. 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/-).
6. 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.
7. 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 Issue / Investment Agent (HBL) if Distribution Network Assets at any period of time during the Sukuk tenure, reduces below 33% value of Sukuk issued.
8. 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 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.

9. 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:

Expected Profit Rate (Base rate +/- Spread) * Total Musharakah Investment * Days of Musharakah Period/365*[24]

*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 Issue Agent (HBL).

10. Provisional profit, being Tier 1 profit will be calculated and paid in accordance with the terms and conditions as mentioned hereinabove.
11. 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.
12. If required by the Shariah Advisor, Sukuk Issuer shall arrange a visit to verify and confirm the Distribution Network Assets.

4. Application Form

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

The Sukuk's Shariah Compliance Certificate has been issued by the SECP, bearing Certificate No. SECP/IFD/SCS/05/34.

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.

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[24] *Tie 1 Profit Illustration for 1 month at an assumed profit rate of 12.10%:*
Total Tier 1 Profit for 1 Month: 12.10% 72,001,634,877*30/365 = PKR 716,071,054/-*
Tier 1 Profit Sharing as per PSR:

Sukuk Issuer	***Investors***
95.83%	*4.17%*
PKR 686,235,437/-	*PKR 29,835,616/-*

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.

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

HBL ISLAMIC BANKING
اسلامک بینکنگ

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

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HBL ISLAMIC BANKING اسلامک بینکنگ

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	**Mufti Muhammad Yahya Asim**	**Dr. Ejaz Ahmed Samadani**
Chairman Shariah Board	Member Shariah Board	Member Shariah Board

Date: February 7, 2025

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

ASAS

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 (العقد 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

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ASAS Shariah Advisory Services (Private) Limited
Plot 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

ASAS

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	Mufti Waseem Akhtar	Mufti ~~Syed Zahid~~ Siraj
Member Shariah Board	Member Shariah Board	Chairman Shariah Board

Date: 04-Feb-, 2025

ASAS
SHARIAH ADVISORY SERVICES PRIVATE LIMITED

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ASAS Shariah Advisory Services (Private) Limited
Plot 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

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 (شرکۃ العقد)

بسم الله الرحمن الرحيم

بعون الملك الوهاب اللهم هداية الحق والصواب

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 (فقہی تکییف)

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 (شرکۃ العقد), 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.

Islamic Economics Centre Faizan Plot Adjacent to Faizan e Madina 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).

واللہ اعلم عزوجل و رسولہ اعلم صلی اللہ تعالیٰ علیہ و آلہ وسلم

Mufti Ali Asghar
Shariah Advisor

المفتی

Date : February 4, 2025 / 05 شعبان 1446

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

PART VI

6 RISK FACTORS

6.1 RISK FACTORS RELATED TO THE COMPANY

EXTERNAL RISK FACTORS

1. Regulatory Risk

KE's regulatory risk arises from changes in governmental policies or regulatory decisions affecting MYT framework and financial sustainability, regulatory actions over non-compliance resulting in fines/penalties/restriction and prolonged regulatory approvals may impact Company's ability to cater to needs of growing energy infrastructure requirement.

2. Technology and Cyber Resilience

KE is investing in technology transformation projects aimed at modernizing its infrastructure to support future growth and cyberattacks prevention. 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.

3. Liquidity Risk

KE manages its liquidity 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. Liquidity risk is the risk that KE will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that KE could be required to pay its liabilities earlier than expected or difficulty in arranging funds to meet commitments associated with financial liabilities as they fall due. The total borrowings of KE as of FY23 were PKR 309 Bn. The current ratio in FY23 was 0.81x and similarly the quick ratio was 0.7x.

4. Currency Risk

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 (significant portion of which is hedged). 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.

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. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

6. Supplier Concentration Risk

Company relies heavily on only three fuel suppliers for its generation needs, i.e. Pakistan LNG Limited for RLNG, SSGC for gas, and PSO for fuel. Respectively, they have a 41.4%, 20.2% and 5.6% share of the fuel supply mix, signifying a dependency on Pakistan LNG and SSGC.

7. Fuel Supply Risk

6.Company's ability to generate power is dependent on the availability of fuel, including gas and furnace oil. For gas supply, the Company does not have a formal signed Gas Supply Agreement with SSGC.

8. Increased Competition Risk

The increased adoption of own solar energy production by consumers, along with the net-metering policy poses a financial risk to K-Electric. Increased adoption of net-metering will lead to a decline in revenue for utilities as consumers generate their own power.

INTERNAL RISK FACTORS

1. Environmental Risk
KE has consistently adhered to local and international environmental regulations, with all six generation installations complying with ISO 14001-certified Environmental Management Systems. However, Environmental contamination remains a key consideration for KE's power generation facilities.

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.

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 10 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. With reference to overall circular debt situation, without prejudice to the position of KE mentioned in Part 10 of this Prospectus, and solely on the basis of abundant caution, a provision amounting to PKR 5,269 million is being maintained by KE in its financial statements on account of overall mark-up on delayed payment to vendors. KE is not in agreement with the interpretation and calculation of claw-back mechanism by NEPRA in reference to FY2012-2016, and accordingly has filed suits before the HCS. Without prejudice to KE's detailed legal position in Part 10 of this Prospectus and on the basis of abundant caution, a provision amounting to Rs. 25,232 million is being maintained by KE in this respect.

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 which can lead to operational disruption, reduced efficiency and failure to deliver strategic initiatives.

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.

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.

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.

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.

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.
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.

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.

6.5 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

6.6 STATEMENT BY THE CONSULTANT TO THE ISSUE

HBL

February 14, 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

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PART VII

7 FINANCIAL INFORMATION

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

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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 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 initialed 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 Practicing 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) 32415007/32427938/32424740; <www.pwc.com/pk>

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December 20, 2024
ASR 3187

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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

Page 2 of 2

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:

1. 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.
2. 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 DEC 2024

A. F. FERGUSON & CO. CHARTERED ACCOUNTANTS KARACHI

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

pwc 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
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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December 20, 2024
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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 VALE PER ORDINARY SHARE
AS AT JUNE 30, 2023

			(Rs in '000')
Issued, subscribed and paid-up capital			96,261,551
Revenue reserves			
General reserves		5,372,356	
Unappropriated profits		50,079,696	
			55,452,052
Capital reserves			
Share premium		1,500,000	
Other reserves		509,172	
			2,009,172
Shareholders' equity excluding surplus on revaluation of property, plant und equipment	A		153,722,775
Capital reserve - Surplus on revaluation of property, plant and equipment			101,431,882
Shareholders' equity	B		255,154,657
			(No. of shares)
Number of ordinary shares	C		27,615,194,246
			(Rupees)
Break-up value per ordinary share (excluding surplus on revaluation of property, plant and equipment)	D=A / C*1000		5.57
Break-up value per ordinary share (including surplus on revaluation of property, plant and equipment)	E=B / C*1000		9.24

Notes:

1. 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.

2. 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.

3. 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

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 initialed 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).

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) 32415007/32427938/32424740; <www.pwc.com/pk>

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

December 26, 2024
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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 I
Refer to our
letter ASR 9079 dated
December 26, 2024
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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	580,273,054	469,052,884
Intangible assets	1,170,377	528,884
Investment property	1,864,069	2,025,942
Other financial assets - at amortised cost	21,266,791	16,920,268
Long-term loans and deposits	23,114	28,499
Deferred taxation	80,669	27,868
	605,768,814	509,106,130
Current assets		
Inventories	18,796,302	17,105,976
Trade debts	164,432,240	136,563,008
Loans and advances	2,729,821	1,686,165
Deposits and short-term prepayments	11,627,466	8,027,751
Other receivables	239,214,495	379,198,046
Current maturity of other financial assets - at amortised cost	2,279,301	1,068,231
Derivative financial assets	43,507,902	8,033,831
Taxation - net	2,102,343	-
Cash and bank balances	5,181,909	1,899,475
	412,184,997	551,024,484
Asset classified as held for sale	4,813,508	-
TOTAL ASSETS	1,074,565,995	1,060,142,634
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Issued, subscribed and paid-up capital	96,261,551	96,261,551
Reserves		
Capital reserves		
Share premium and other reserves	2,009,172	2,009,172
Revaluation surplus on property, plant and equipment	101,432,882	69,713,296
	103,442,054	71,722,468
Revenue reserves		
General reserves	5,372,356	5,372,356
Unappropriated profit	49,920,862	76,746,861
	55,293,218	82,119,217
	158,735,272	153,841,685
TOTAL EQUITY	254,996,823	250,099,236
LIABILITIES		
Non-current liabilities		
Long-term financing	180,508,276	151,758,189
Lease liabilities	322,661	184,701
Long-term deposits and other liabilities	16,714,458	13,876,331
Employee retirement and other benefit obligations	4,876,545	4,492,079
Deferred revenue	51,998,671	42,656,185
	254,418,611	213,767,485
Current liabilities		
Current maturity of long-term financing	56,286,790	23,638,341
Current maturity of lease liabilities	42,159	32,750
Trade and other payables	387,609,265	438,164,216
Unclaimed dividend	649	649
Accrued mark-up	14,269,839	10,629,504
Taxation - net	-	890,072
Short-term borrowings	92,851,056	107,225,451
Short-term deposits	13,790,685	13,337,040
Provisions	18,790	18,292
	565,157,282	596,253,015
TOTAL LIABILITIES	819,569,000	810,041,568
Contingencies and Commitments		
TOTAL EQUITY AND LIABILITIES	1,074,565,823	1,060,145,224

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Refer to our
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2. 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
	(Rupees in '000)	
REVENUE		
Net revenue	382,814,919	318,384,172
Tariff adjustment	136,907,413	172,686,588
	519,722,332	491,070,760
COST OF SALES		
Purchase of electricity	(223,138,922)	(207,944,277)
Consumption of fuel and oil	(209,729,088)	(219,487,394)
Expenses incurred in generation, transmission and distribution	(33,740,262)	(30,209,269)
Other cost of sales	(330,581)	(271,030)
	(466,880,773)	(432,512,490)
GROSS PROFIT	52,842,552	58,558,322
Consumers services and administrative expenses	(27,380,380)	(23,811,556)
Impairment loss against trade debts and other receivables	(32,131,300)	(14,817,527)
Other operating expenses	(24,901,250)	(9,413,821)
Other income	12,428,035	10,226,884
	(80,785,088)	(47,865,828)
(LOSS) / PROFIT BEFORE FINANCE COST	(7,944,534)	10,692,503
Finance cost	(34,570,589)	(15,122,662)
(LOSS) / PROFIT BEFORE TAXATION	(42,465,223)	3,560,843
Taxation	11,522,307	2,899,471
(LOSS) / PROFIT FOR THE YEAR	(30,942,916)	8,459,314
EARNINGS BEFORE INTEREST, TAX DEPRECIATION AND AMORTIZATION (EBITDA)	16,276,022	41,510,863
	(Rupees)	
(LOSS) / EARNING PER SHARE - BASIC AND DILUTED	(1.11)	0.31

II) Statement of comprehensive income

	June 30,	June 30,
	(Rupees in '000)	
(LOSS) / PROFIT FOR THE YEAR	(30,480,916)	8,460,314
OTHER COMPREHENSIVE INCOME:		
Items that may be reclassified to profit or loss		
Changes in fair value of cash flow hedges	19,536,648	5,987,592
Adjustment for amounts transferred to profit or loss	(19,536,648)	(5,987,592)
	-	-
Items that will not be reclassified to profit or loss		
Remeasurement of post employee benefit obligations	(300,390)	(114,763)
Less: Taxation thereon	87,403	38,907
	(212,987)	(75,366)
Revaluation surplus	50,835,901	25,034,808
Less: Taxation thereon	(14,748,411)	(7,260,818)
	36,087,490	17,773,990
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	4,896,587	26,163,938

Statement I
Refer to our
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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 SMD/PO/SA.[illegible]/02/2024/262 dated November 21, 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 2, 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

Chief Financial Officer
Date: 2 6 DEC 2024

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Refer to our
letter ASR 3279 dated
December 26, 2024
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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	425,100,000	274,100,000
CURRENT ASSETS			
Cash and bank balances	2,092,200	2,213,860	777,520
	890,192,200	427,313,860	274,877,520
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 100,000,000 ordinary shares of Rs. 10 each	1,000,000,000	1,000,000,000	1,000,000,000
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	(10,767,245)	(7,886,205)	(5,959,985)
	884,232,755	421,113,795	269,040,015
CURRENT LIABILITIES			
Other payables	5,959,505	6,200,065	5,837,505
TOTAL EQUITY AND LIABILITIES	890,192,260	427,313,860	274,877,520
CONTINGENCIES AND COMMITMENTS			

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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	(3,081,000)	(1,726,260)	(1,673,000)
Loss before taxation	(3,081,000)	(1,726,260)	(1,673,000)
Taxation	-	-	-
Loss for the year	(3,081,000)	(1,726,260)	(1,673,000)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	(3,081,000)	(1,726,260)	(1,673,000)

Note:

1. 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 Ebrahim & Co. Chartered Accountants, who through their reports dated October 25, 2024, September 18, 2023 and September 24, 2022 respectively expressed unmodified opinions on those unconsolidated financial statements.

For and on behalf of K-Electric Limited

Chief Financial Officer
Date: 26 DEC 2024

A. F. FERGUSON & CO. CHARTERED ACCOUNTANTS

Statement III
Refer to our
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December 26, 2024
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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	3,605,585	26,803,254	24,240,744
Capital work in progress	2,484,970	2,484,970	11,133,699
Intangibles	364,914	890,039	-
Contract Asset in progress	460,800,895	-	-
Long-term deposits	-	2,850,000	2,696,000
Deferred tax asset	48,180,365	67,663,325	27,868,006
	520,890,729	100,711,948	66,798,449
Current assets			
Inventory	160,194,917	45,005,616	44,683,603
Trade debts	180,568,398	156,579,750	83,304,091
Right of use assets	8,276,040	-	-
Unbilled revenue	96,799,802	12,726,353	30,769,789
Advances, prepayments and other receivables	133,774,211	35,467,275	27,965,358
Accrued profit	7,401,029	1,000,000	154,795
Short-term deposit	3,350,000	500,000	1,000,000
Sales tax receivable	86,373,087	17,788,408	12,164,819
Tax refundable	-	291,429	-
Cash and bank balances	177,830,418	25,069,916	59,263,436
	1,078,320,151	294,658,465	258,605,181
	1,599,480,880	395,370,063	324,803,630
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
100,000,000 ordinary shares of Rs. 10 each	1,000,000,000	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	888,100,000	274,100,000	100,000
Accumulated losses	(32,427,761)	(151,148,136)	(86,522,143)
	855,672,239	122,951,864	(86,422,143)
Advance against issuance of share capital	-	151,000,000	274,000,000
	855,672,239	273,951,864	187,577,857
NON CURRENT LIABILITIES			
Lease liabilities	-	12,808,781	17,675,628
Long term loan	425,258,926	-	-
	425,258,926	12,808,781	17,675,628
Current Liabilities			
Current maturity of lease liabilities	11,138,170	4,866,838	4,115,953
Current maturity of long term loan	53,092,105	-	-
Trade and other payables	231,309,884	103,742,580	95,209,896
Accrued Markup	21,816,234	-	-
Tax payable	1,643,326	-	224,346
	318,999,719	108,609,418	99,550,145
TOTAL EQUITY AND LIABILITIES	1,599,480,880	395,370,063	324,803,630

CONTINGENCIES AND COMMITMENTS

Statement III
Refer to our
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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	2022
	----------	(Rupees) (Restated)	----------
Turnover - net	905,691,601	261,097,957	297,656,971
Cost of sales	(680,153,746)	(230,560,785)	(275,230,431)
Gross profit	225,537,855	30,537,172	22,426,540
Administrative expenses	(153,674,752)	(148,511,274)	(98,818,362)
Other operating expenses	(3,308,164)	-	(2,064,729)
Other Income / (Expenses)	101,852,853	(420,404)	3,927,225
Loss before interest and tax	170,407,791	(118,394,506)	(74,534,326)
Finance cost	(3,897,736)	(2,762,992)	(2,204,001)
Profit / (Loss) before income tax and minimum tax differential	166,510,055	(121,157,498)	(76,738,327)
Minimum tax differential	(28,306,709)	(3,263,824)	-
Profit / (Loss) before income tax	138,203,346	(124,421,322)	(76,738,327)
Taxation	(19,482,971)	39,795,339	24,147,298
Net Profit / (loss) for the year	118,720,375	(84,625,983)	(52,591,029)
Other comprehensive income for the year	-	-	-
Total comprehensive income / (loss) for the year	118,720,375	(84,625,983)	(52,591,029)

Note:

1. 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 unrecoverable 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 21 'Levies' 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.

2. 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 Ebrahim & Co. Chartered Accountants, who through their reports dated October 25, 2024, September 4, 2023 and September 29, 2022 respectively expressed unmodified opinions on those financial statements.

For and on behalf of K-Electric Limited

Chief Financial Officer
Date: 26 DEC 2024

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	23,665	36,324
Others Current Liabilities	28,290	26,883	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**[25]
EBITDA	**45,867**	**41,598**	**16,489**
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)**[26]

[25] The economic crisis stemming from sociopolitical and macroeconomic challenges had a profound impact on economic activities with the country. In comparison to the previous fiscal year, KE experienced a notable 7.3% reduction in the units sent-out, primarily due to contraction in economic activity. Hence, Sale of energy – net increased from PKR 346 Bn to only 382 Bn in FY23. It is important to note that under MYT in place then, KE could not receive any tariff adjustments for variation from the benchmarks set by NEPRA, including the units sent-out. Units sent out decreased from 19,802 Gwh in FY22 to 18,357 Gwh in FY23. Tariff adjustment decreased from PKR 172 Bn in FY22 to PKR 137 Bn in FY23.

[26] The loss in FY23 is attributable to the significant impact of socio-political and macroeconomic challenges arising from the ongoing national crises at the time. KE encountered a substantial rise in exchange loss by PKR 4.83 Bn due to significant devaluation of the Pakistani Rupee. Additionally, there was an increase in impairment loss by PKR 6.28 Bn against doubtful debts due to the confluence of high inflation, increase in consumer tariffs and the worsening economic conditions that hampered customers propensity to pay. Along with a drastic increase in finance costs by PKR 19.45 Bn mainly due to increase in effective rate of borrowings translated to the loss. 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.

Cash Flow Statement (PKR Millions)	FY-21	FY-22	FY-23
Cash Flow from Operating Activities	42,259	(25,746)	60,809[27]
Cash Flow from Investing Activities	(74,465)	(63,843)	(49,646)[28]
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%[29]
EBITDA Growth (%)	25.0%	(9.3%)	(60.4%)[30]
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%[31]
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)[32]
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 (%) [33]	3.1%	1.8%	(5.6%)
Return on Total Assets (%)	1.4%	0.8%	(3.0%)

[27] KE had negative cash flows from operating activities in FY22 primarily due to PKR 88 Bn 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.

[28] KE continued its investments across the value chain with a capital expenditure of PKR 49.75 Bn during FY23 which reiterates its commitment for operational improvement as well as capacity enhancement, these include its BQPS III Power Plant and enhancements in the transmission and distribution network.

[29] The economic crisis stemming from sociopolitical and macroeconomic challenges had a profound impact on economic activities with the country. In comparison to the previous fiscal year, KE experienced a notable 7.3% reduction in the units sent-out, primarily due to contraction in economic activity. Hence, Sale of energy – net increased from PKR 346 Bn to only 382 Bn in FY23. It is important to note that under MYT in place then, KE could not receive any tariff adjustments for variation from the benchmarks set by NEPRA, including the units sent-out. Units sent out decreased from 19,802 Gwh in FY22 to 18,357 Gwh in FY23. Tariff adjustment decreased from PKR 172 Bn in FY22 to PKR 137 Bn in FY23.

[30] Decline in EBTIDA took place due to a decrease in gross profit, along with a rise in exchange loss by PKR 4.83 Bn due to significant devaluation of the Pakistani Rupee and an increase in impairment loss by PKR 6.28 Bn against doubtful debts.

[31] FY22 saw a change in the mix of units purchased in comparison to the units generated by KE, with units purchased consisting of 58% (11,912 Gwh) of total units' vs 48% (9,301 Gwh) in FY21. Cost of purchasing these units also increased by 85% (PKR 207 Bn from PKR 112 Bn). Cost of own generation by KE also increased by 66% to PKR 212 Bn in FY22 due to shift towards RLNG power plants and increases in cost of fuel including coal. The trend of decreasing gross profit margins continued in FY23 due to the increase in cost of units purchased by KE, from PKR 207 Bn in FY22 to PKR 223 Bn in FY23 while the number of units declined, from 11,915 Gwh in FY22 to 11,263 Gwh – due to rising prices by the CPPA-G and IPPs. Units generated by KE also decreased by 11% (7,534 Gwh) however, cost for the same only decreased by 1% (PKR 210 Bn).

[32] Earnings per share turned negative due to loss after tax of PKR 30.9 Bn in FY23. Reason for loss has been detailed in footnote 4.

[33] Return on Capital Employed = Net Income divided by (Average Debt liabilities + Average Shareholders' Equity)

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[34]
Creditor Turnover (days)	292	232	220

**Includes tariff adjustment receivable from Government*

Ratios[35]	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)	764	-	-
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**

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[34] Improvement in debtor days is attributed to improvement in net receivable position for the GoP, including tariff adjustment, from PKR 380 Bn in FY22 to PKR 245 Bn in FY23.
[35] Standard formulas used.

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	79,923	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	**127,958**	**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	**265,854**	**446,360**	**466,659**

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 COMPARATIVE FINANCIAL ANALYSIS WITH PEER GROUP COMPANIES

Peer Comparison							
FY 22							
Company Name	**Symbol**	**Generation Capacity**	**Transmission Capacity**	**Distribution Capacity**	**Net Generation**	**Net Revenue**	**Net Profit**
		(MW)	**(MVAs)**		**(MWH)**	**(PKR Mn)**	
K-Electric Limited	KEL	1,695	6,803	8,685	8,496,000	518,777	8,524
The Hub Power Company Limited	HUBC	1,498	N/A	N/A	2,510,000	97,158	29,579
Nishat Power Limited	NPL	195	N/A	N/A	794,242	23,684	3,323
Nishat Chunian Power Limited	NCPL	196	N/A	N/A	882,453	25,416	2,504
Saif Power Limited	SPWL	204	N/A	N/A	616,697	22,870	1,951
Engro Powergen Qadirpur Limited	EPQL	212	N/A	N/A	768,202	10,027	1,472
Kot Addu Power Company Limited	KAPCO	1,342	N/A	N/A	4,979,779	136,600	9,894
Lalpir Power Limited	LPL	362	N/A	N/A	837,112	37,611	2,707
FY 23							
Company Name	**Symbol**	**Generation Capacity**	**Transmission Capacity**	**Distribution Capacity**	**Net Generation**	**Net Revenue**	**Net Profit**
		(MW)	**(MVAs)**		**(MWH)**	**(PKR Mn)**	
K-Electric Limited	KEL	2,589	7095	8964	7,534,000	519,471	(30,897)
The Hub Power Company Limited	HUBC	1,722	N/A	N/A	2,073,000	114,263	62,007
Nishat Power Limited	NPL	195	N/A	N/A	537,893	23,069	4,091
Nishat Chunian Power Limited	NCPL	196	N/A	N/A	386,127	18,221	3,957
Saif Power Limited	SPWL	204	N/A	N/A	440,208	19,044	336
Engro Powergen Qadirpur Limited	EPQL	215	N/A	N/A	870,380	13,256	2,511
Kot Addu Power Company Limited	KAPCO	1,342	N/A	N/A	587,845	25,435	3,959
Lalpir Power Limited	LPL	362	N/A	N/A	266,709	19,472	4,578

Note: K-Electric Limited is the only vertically integrated power utility in Pakistan. It is part of the Power Generation and Distribution Sector of PSX. In order to present the peer comparison, we have selected some generation companies from this sector but would like to reiterate that these are not direct comparable companies of KE, as there are no other transmission and distribution companies which are listed. Furthermore, KE's previous MYT for 2016-2023 was a bundled tariff without a distinction for generation, hence historical figures are in totality. Going forward, the MYT24-30 shall allow for distinction.

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7.8 REVALUATION OF FIXED ASSETS OF THE COMPANY

Details of revaluation of fixed assets of the Company are 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*

7.9 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.

7.10 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.

7.11 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.

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

7.12.1 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):

1. failure by the Issuer in paying on the due date for payment, the Provisional Profit Payments or the Redemption Amount;

2. 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;

3. 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;

4. 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;

5. 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;

6. 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;

7. 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;

8. making of any order or passing of a resolution for the winding up of the Issuer;

9. 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;

10. 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;

11. 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;

12. 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;

13. termination, suspension, repudiation or revocation of this Agreement or any of the Transaction Documents;

14. cross default by the Issuer in respect of any other Financial Indebtedness;

15. if the Issuer claims that all or any material provision of this Agreement and/or the Transaction Documents:

    1. do not have effect or cease to have effect in accordance with its terms; or

    2. are or become void, voidable, illegal or unenforceable;

16. 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;

17. 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;

18. any change in shareholding of the Issuer that has a Material Adverse Effect;

19. 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;

20. 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

21. 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.

7.12.2 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.

7.13 QUORUM AND EXTRAORDINARY RESOLUTION

7.13.1 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.

7.13.2 EXTRAORDINARY RESOLUTION

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.

1. 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.

2. 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 RATINGS

8.1 INSTRUMENT RATING – PRESS RELEASE

PACRA

The Pakistan Credit Rating Agency Limited

PRESS RELEASE

Date
19-May-25

Analyst
Ali Arslan Malik
Ali.Arslan@pacra.com
+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

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.

Disclaimer

8.2 INSTRUMENT RATING – RATING REPORT

PACRA

The Pakistan Credit Rating Agency Limited

Rating Report

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

Report Contents

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 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.

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

Power

The Pakistan Credit Rating Agency Limited

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 2,817MW. 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 184 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, 2022 and the NEPRA (Electric Power Procurement) Regulations, 2022.

Ownership KES Power Limited, a company incorporated in Cayman Islands and owned in parts by Al-Jomaih Group of KSA, NIG of Kuwait and IGCF of Cayman Islands respectively, presently holds 66.40% shareholding in KE while the Government of Pakistan (GoP) maintains a 24.36% stake.

Governance The overall control of KE vests in 13-member Board of Directors (BoD), including the CEO, where majority is nominated by KES Power Limited (KESP), KE's holding company. In addition to KESP'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 KESP 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 Jomaih Power Limited & Denham Investments Limited against IGCF SPV 21 Limited and others whereby no change shall be affected 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 08 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 hierarchal structure of qualified and experienced professionals. Mr. Moonis Alvi has been spearheading the Company since he took charge as CEO in June 2018 and Mr. Muhammad Aamir 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 S4HANA. 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 FY2024 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 37% of total generation, followed by RLNG and nuclear power, each accounting for 19%. Local coal-based power plants contributed 12%, 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 84.4% 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 to15.3% 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 Considerations

About The Instrument KE is currently in the process of issuing a Retail Sukuk of up to PKR 3,000 million, which includes green shoe option of up to PKR 1,000 million. The issuance is structured to take place in twophases. The first phase which is the Pre-IPO stage, has been successfully concluded, with KEraising PKR 1,000 million. The Company is now preparing to launch the second phase, which isthe IPO stage which is anticipated to begin in mid-June 2025, subject to necessary approvals fromthe 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 mln

K-Electric Limited	Jun-23	Jun-22	Jun-21	Jun-20
Period	12M	12M	12M	12M
A BALANCE SHEET				
1 Non-Current Assets	581,434	479,791	424,484	361,321
2 Investments	26,232	19,249	2,987	3,048
3 Related Party Exposure	429	275	182	-
4 Current Assets	416,567	590,813	406,024	339,045
a Inventories	*3,433*	*4,036*	*3,024*	*647*
b Trade Receivables	*194,293*	*186,943*	*191,714*	*99,932*
5 Total Assets	1,024,662	1,090,128	833,677	703,414
6 Current Liabilities	385,933	476,838	382,145	295,387
a Trade Payables	*293,690*	*279,069*	*297,815*	*211,623*
7 Borrowings	308,804	283,088	184,300	155,974
8 Related Party Exposure	-	-	-	-
9 Non-Current Liabilities	73,770	30,030	43,281	41,395
10 Net Assets	255,155	298,172	223,952	210,658
11 Shareholders' Equity	255,155	298,172	223,952	210,658
B INCOME STATEMENT				
1 Sales	515,471	518,777	325,040	288,887
a Cost of Good Sold	*(462,659)*	*(446,341)*	*(265,845)*	*(244,994)*
2 Gross Profit	52,812	72,436	59,195	43,893
a Operating Expenses	*(27,415)*	*(27,619)*	*(25,225)*	*(21,523)*
3 Operating Profit	25,397	44,817	33,970	22,370
a Non Operating Income or (Expense)	*(33,199)*	*(24,048)*	*(7,511)*	*(5,275)*
4 Profit or (Loss) before Interest and Tax	(7,802)	20,769	26,459	17,096
a Total Finance Cost	*(42,570)*	*(15,118)*	*(11,113)*	*(16,737)*
b Taxation	*11,476*	*2,873*	*(3,348)*	*(3,318)*
6 Net Income Or (Loss)	(38,897)	8,524	11,998	(2,959)
C CASH FLOW STATEMENT				
a Free Cash Flows from Operations (FCFO)	*64,797*	*88,588*	*29,424*	*40,782*
b Net Cash from Operating Activities before Working Capital Changes	*16,564*	*48,261*	*44,556*	*27,160*
c Changes in Working Capital	*41,245*	*(75,117)*	*(2,296)*	*(4,512)*
1 Net Cash provided by Operating Activities	66,809	(26,857)	42,259	22,648
2 Net Cash (Used in) or Available From Investing Activities	(45,646)	(63,843)	(74,465)	(49,411)
3 Net Cash (Used in) or Available From Financing Activities	(218)	84,884	22,061	26,415
4 Net Cash generated or (Used) during the period	20,945	(5,816)	(10,146)	(348)
D RATIO ANALYSIS				
1 Performance				
a Sales Growth (for the period)	0.7%	59.6%	12.5%	-0.1%
b Gross Profit Margin	10.2%	14.0%	18.2%	15.2%
c Net Profit Margin	-5.9%	1.6%	3.7%	-1.0%
d Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)	21.0%	-1.3%	17.0%	15.3%
*e Return on Equity [Net Profit Margin * Asset Turnover * (Total Assets/Sh*	-12.2%	3.0%	5.5%	-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 Coverages				
a EBITDA / Finance Cost	2.3	5.9	6.6	3.7
b FCFO / Finance Cost+CMLTB+Excess STB	0.6	1.3	0.6	0.0
c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)	4.7	3.4	3.1	3.2
4 Capital Structure				
a Total Borrowings / (Total Borrowings+Shareholders' Equity)	54.8%	53.1%	45.1%	42.5%
b Interest or Markup Payable (Days)	196.3	141.8	360.1	229.8
c Entity Average Borrowing Rate	8.8%	5.2%	5.3%	9.3%

#	Notes
	In the absence of approved MYT, the financial statements for all the quarters of FY24 remain unavailable.

PACRA

Corporate Rating Criteria

Scale

Credit Rating

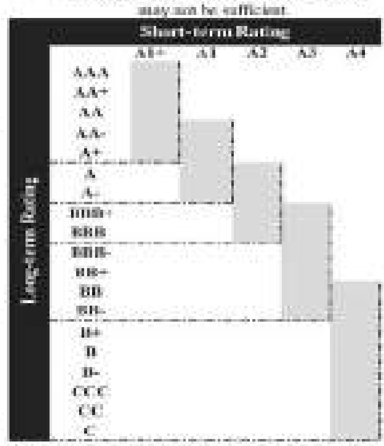
Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

Long-term Rating

Scale	Definition
AAA	**Highest credit quality.** Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments
AA+ AA AA-	**Very high credit quality.** Very low expectation of credit risk. Indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A+ A A-	**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.
BBB+ BBB BBB-	**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.
BB+ BB BB-	**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.
B+ B B-	**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.
CCC CC C	**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.
D	Obligations are currently in default.

Short-term Rating

Scale	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
A4	The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions. Liquidity may not be sufficient.



*The correlation shown is indicative and, in certain cases, may not hold.

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 Alerts 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 formally 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 Entity 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

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	N/A	Habib Bank Limited (HBL)	N/A

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*	Due Date Markup/ Profit*	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	04-Jun-2025	AA	A1+	Stable	Maintain
2	14-Jun-2024	AA	A1+	Stable	Maintain
3	21-Jun-2023	AA	A1+	Stable	Maintain
4	29-Jun-2022	AA	A1+	Stable	Maintain
5	29-Jun-2021	AA	A1+	Stable	Maintain
6	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	1. IGCF General Partner Limited 2. Alvarez & Marsal Europe LLP 3. KES Power Ltd 4. PCP III Liquidating SPV Limited 5. IGCF Oil & Gas Limited 6. Abraaj Capital SPV 7 Limited 7. IGCF SPV 4 Limited 8. IGCF SPV 5 Limited 9. JZ B Investments Limited 10. JZ Business Services 1 Limited 11. EMC Fund B Cooperatief UA 12. IbericaA EMCB HoldCo B.V. 13. IbericaA Luxembourg Sarl 14. Amstelsquare Luxembourg Sarl
Period of Directorship in KE	25-Jan-2022 to date
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
Period of Directorship in KE	7-Jun-2018 to date
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	1. Proclad Group Limited 2. Al Durrah National Real Estate Company 3. BI Group Limited (UK) 4. KES Power Limited
Period of Directorship in KE	29-Nov-2005 to date
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
Period of Directorship in KE	4-July-2019 to date

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	1. The Hub Power Company Limited 2. Mega Motor Company (Private) Limited 3. Narowal Energy Limited 4. Laraib Energy Limited 5. Hub Power Holdings Limited 6. Thar Energy Limited 7. China Power Hub Generation Company 8. Sindh Engro Coal Mining Company 9. Thar Power Company Limited 10. ThalNova Power Thar Private Limited (TNPTL 11. Prime International Oil and Gas Company Limited 12. Pamo Plast (Pvt) Limited 13. KE Venture Company (Private) Limited 14. Prime Pakistan Limited 15. Prime Pakistan (M) Limited S.a.r.| 16. Prime AEP Limited 17. Prime Green Energy (PVT) Limited
Period of Directorship in KE	29-July-2022 to date
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	1. Assemco Pakistan (Pvt) Ltd 2. Ash Energy (Pvt) Ltd 3. 0' Foods Pvt Ltd 4. Macaw (Pvt) Ltd 5. Three Lakes Agri Farms (Pvt) Ltd 6. Lakes Development & Construction Company (Pvt) Ltd 7. Foods Dot Com (Pvt) Ltd 8. A J R P General Trading (Pvt.) Limited 9. Gulf Powergen (Private) Limited 10. Avio Pro 11. Learning Pitch (Pvt) Limited 12. MDI Datanet Pakistan (Pvt) Limited 13. Fusion Point (Pvt) Limited 14. Gulf Electric Power Limited 15. Data Research & Communication (Pvt) Limited 16. NGP Fund V 17. NGP Fund V II 18. Norsk Titanium Cayman Limited 19. Norsk Titanium AS 20. Mentor InvestCo 1 Limited 21. FEMVI Investment Company 22. Tri-Aviation Investment Company Limited 23. Tricap Advisory Services Limited 24. Datasoft Middle East DMCC 25. Avio Pro General Trading LLC 26. Pro Capital Invests Limited 27. Hermitage Resorts Pvt Ltd

Directorship in other companies	28. Forty2 Capital 29. 2815139 Ontario Inc 30. Limestone Strategic Investments Ltd. 31. Cloud Primero Holding Co. 32. FEMVI Investment Ltd 33. Bay Vision Investco Limited
Period of Directorship in KE	29-Nov-2005 to date
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
Period of Directorship in KE	29-July-2022 to date
Imdad 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
Period of Directorship in KE	24-July-2024 to date
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	-
Period of Directorship in KE	24-July-2024 to date
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
Period of Directorship in KE	28-Aug-2024 to date

**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".

IMDAD 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.Scin 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 APPOINTMENT AND ELECTION OF CEO AND 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. An election of Directors was held on 29 July 2022 as a result of which, 13 Directors assumed position on KE's Board, that included one Independent Director, three [03] nominees of Government of Pakistan and nine [09] Directors representing KES Power Limited, KE's holding company.

Furthermore, in the Board meeting held on 11 August 2022, Mr. Mark Gerard Skelton was appointed as the Chair of the Board and Syed Moonis Abdullah Alvi was re-appointed as the Chief Executive Officer of the Company. Subsequently, Boudewijn Clemens Wentink, Ch. Khaqan Saadullah Khan and Ms. Sadia Khurram resigned from the position of Non-Executive Directors in October 2022 resulting in casual vacancies on the Board. However, these positions cannot be filled in view of an ad-interim order dated 21 October 2022 issued by Sindh High Court in Suit No. 1731/2022 [Al Jomaih Power Limited & another vs IGCF SPY 21 Limited & others] whereby the Company was directed that no change will be affected in its present board of directors.

Hence, K-Electric has been unable to complete the mandatory requirements and appoint a female director or ensure that either two or one third members of its Board, whichever is higher, as independent directors.

The three-year term of the current CEO will expire on 29th July 2025. Accordingly, the Board has decided to re-appoint Moonis Abdullah Alvi as the CEO for another term effective from 30th July 2025.

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. Causes for inability of completion of Board of Directors requirements have been detailed in Part 9.7 of this prospectus.

PART X

10 LEGAL PROCEEDINGS, OVERDUE LOANS & CONTINGENCIES

10.1 LEGAL PROCEEDINGS

Final Order Dated	Institution Date	Issuing Authority	Matter	Tax / Financial Period	Order Amount/ Financial Impact	Current Status	Management's Stance	Provision in Financial Statements
N/A	30 Nov 12	Sindh High Court	SSGC filed a Suit against KE for recovery of approximately PKR 45.705 Billion including mark-up for non-payment of gas bills from August 2008 till November 2012 and damages of Rs. 10 Billion for loss of business and goodwill	2013	Rs. 55.71 billion	The case was taken up for hearing in the high court but was adjourned. After promulgation of the Sindh Act No. VI of 2025 whereby the Original Civil Jurisdiction of the Sindh High Court has been removed, and the relevant jurisdiction has been given to the District Courts of Karachi. This Suit has been transferred to the Court of XIth Senior Civil Judge, Karachi South and has been re-numbered as Suit No. 5678/25	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 significantly affected KE's liquidity and hence the mark-up claim is not tenable. Further, KE has claimed that payments have been made to SSGC for supply of Natural Gas against the principal outstanding amount which has been unilaterally/ unlawfully adjusted by SSGC against the disputed mark-up, and the remaining actual/principal	Note 1
N/A	1 Jan 13	Sindh High Court	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.	2013	Rs. 59.6 billion	The case was taken up for hearing in the high court but was adjourned. After promulgation of the Sindh Act No. VI of 2025 whereby the Original Civil Jurisdiction of the Sindh High Court has been removed, and the relevant jurisdiction has been given to the District Courts of Karachi. This Suit is presently in the process of being transferred to the District Courts of Karachi and once transferred, will be assigned a new number.	amounts, if any, are to be paid directly by KWSC from KE receivables as per the provisions of the implementation agreement. KE'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. KWSC). This contention of KE's management is also supported by the legal advices that it has obtained.	

Final Order Dated	Institution Date	Issuing Authority	Matter	Tax / Financial Period	Order Amount/ Financial Impact	Current Status	Management's Stance	Provision in Financial Statements
N/A	13 Jun 18	Sindh High Court	KE has impugned SSGC letter dated 24-05-2018, wherein SSGC had threatened to curtail the gas supply to KE on the grounds that KE has failed to sign the TOR with SSGC, which is unlawful and against the earlier interim order of Sindh High Court in CP No. 1088/2011 whereby the operation of a SSGC letter through which it had attempted to curtail gas supply to KE was suspended and also against the directions of the Cabinet Committee on Energy dated 23-04-2018 whereby SSGC was directed to supply 190 MMCFD of gas to KE (130 MMCFD of indigenous natural gas & 60 MMCFD RLNG).	2018	-	The case was fixed for hearing before the Sindh High Court on 16/12/2024 and was discharged without any proceedings.	KE management has decided to continue to contest the case on merits	-
N/A	20 Oct 11	Sindh High Court	KE had filed an application CMA No. 12178/2018 in pending Suit No. 1263/2011 (Suit filed by KWSC [previously known as 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 favor of KE whereby, the Government of Sindh has been directed to pay the outstanding liability of KWSC 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.	2012	Approx Rs. 27.5 million	After promulgation of the Sindh Act No. VI of 2025 whereby the Original Civil Jurisdiction of the Sindh High Court has been removed, and the relevant jurisdiction has been given to the District Courts of Karachi. Presently, this Suit is in process of being transferred to the District Court and once it will be transferred, a new case number will be assigned to it.	KE management has decided to continue to contest the case on merits	-

Final Order Dated	Institution Date	Issuing Authority	Matter	Tax / Financial Period	Order Amount/ Financial Impact	Current Status	Management's Stance	Provision in Financial Statements
N/A	22 Jun 18	Islamabad district courtt	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	2018	Rs 83.99 billion	The case was taken up for hearing on 11.02.2024 in the district court of Islamabad but was adjourned.	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.	Note 1
N/A	06 Oct 13	Sindh High Court	KE filed this Suit in the High Court of Sindh pursuant to the decision of the Supreme Court on GIDC whereby, the GIDC Act, 2015 was declared to be valid and gas companies were allowed to recover GIDC from its consumers (KE being SSGC's consumer) on the ground that the GIDC will not be applicable on the consumers who have not accrued GIDC in its book of accounts and neither have passed it on to its consumers.	2021	Approx. Rs 45 billion	After promulgation of the Sindh Act No. VI of 2025 whereby the Original Civil Jurisdiction of the Sindh High Court has been removed, and the relevant jurisdiction has been given to the District Courts of Karachi. Presently, this Suit is in process of being transferred to the District Court and once it will be transferred, a new case number will be assigned to it.	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 accepts 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 recognised in the 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.	-

Final Order Dated	Institution Date	Issuing Authority	Matter	Tax / Financial Period	Order Amount/ Financial Impact	Current Status	Management's Stance	Provision in Financial Statements
N/A	05 Dec 14	District court Karachi	KE is not in agreement with the interpretation and calculation of claw-back mechanism by NEPRA, and accordingly has filed suits before the 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.	2015	Approx. Rs 43.6 billion	A total of 4 suits related to Claw Back are pending. Suit: 1512/2018 – Suit: 2138/2014(HCA: 208/2015) – Suit: 989/2015 – 2113/2018. After promulgation of the Sindh Act No. VI of 2025 whereby the Original Civil Jurisdiction of the Sindh High Court has been removed, and the relevant jurisdiction has been given to the District Courts of Karachi. Suit No. 2138 of 2014 has been transferred to the Court of 8th Senior Civil Judge South of the District Court, Karachi and has been assigned a new case number i.e., Suit No. 2212 of 2025. Suit No. 989 of 2015 has been transferred to the Court of 11th Senior Civil Judge, South of the District Court, Karachi an has been assigned a new case number i.e., Suit No. 3091 of 2025. However, the remaining two above mentioned tagged Suits (i.e., Suit No. 1512 of 2018 & Suit No. 2113 of 2018) are under process and yet to be transferred to lower courts.	Considering the above proceedings and the expert opinion obtained by KE, the 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 Rs. 25,232 million is being maintained by KE in this respect.	Rs 25.32 billion
N/A	10 Nov 15	Sindh High Court	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 No. 2123 of 2015 on November 10, 2015 (in the process of being transferred to District Court Karachi), before the High Court of Sindh on the grounds that the Impugned decisions dated 13.03.2015 & 27.10.2015 suffered from legal and factual errors & the directions were contrary to the earlier approvals granted by NEPRA and also retrospective in nature therefore challenging the impugned decision dated 13-03-2015 & Review decision dated 27-10-2015.	2016	Approx. Rs. 2 billion	An interim order dated November 17, 2015 by the HCS, NEPRA has been restrained from taking any coercive action against KE in this regard. This suit was last fixed for hearing on 21.11.2022, however it was adjourned to date in office. This is case is yet to be fixed for hearing. After promulgation of the Sindh Act No. VI of 2025 whereby the Original Civil Jurisdiction of the Sindh High Court has been removed, and the relevant jurisdiction has been given to the District Courts of Karachi. Presently, this Suit is in process of being transferred to the District Court and once it will be transferred, a new case number will be assigned to it.	These 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 recognized 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.	-

Final Order Dated	Institution Date	Issuing Authority	Matter	Tax / Financial Period	Order Amount/ Financial Impact	Current Status	Management's Stance	Provision in Financial Statements
N/A	10 Aug 22	District court Karachi	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.	2023	Approx. Rs. 6 billion	The case was last fixed on 14.02.2025 and was discharged. After promulgation of the Sindh Act No. VI of 2025 whereby the Original Civil Jurisdiction of the Sindh High Court has been removed, and the relevant jurisdiction has been given to the District Courts of Karachi. Suit No. 1148 of 2022 has been transferred to the Court of 3rd Senior Civil Judge East of the District Court, Karachi and has been assigned a new case number i.e., Suit No. 1250 of 2025.	KE has paid the entire principal amount of Rs. 25 Billion to SSGC therefore, KE's stance is that there is no need to extend the bank guarantees. KE is engaged with SSGC for an amicable solution in light of the provisions of the Settlement Agreement dated 31.07.2023 whereby SSGC will withdraw its formal request for the encashment of bank guarantees whereafter, KE will withdraw its Suit which is pending before the Court. In the event that the matter is not amicably settled, KE shall continue to case on merits	-
27 Mar 25	30 May 19	Sindh High Court	KE filed CP No. 3810/2019 impugning NEPRA's directive in KE's MYT 2016-2023 for payment of interest on security deposit charged from the consumers on the grounds that since no other DISCO is paying interest on security deposit to its consumers. Furthermore, KE also prayed for establishment, constitution and appointment of the NEPRA Appellate Tribunal in accordance with Section 12-A of the NEPRA Act, 1997.	2019	-	The matter was last fixed on 27.03.2025, on which date the Hon'ble High Court observed that the petition had been instituted by KE in view of the NEPRA Appellate Tribunal being non-functional at the relevant time, thereby leaving no forum to challenge the impugned order. However, as the NEPRA Appellate Tribunal had since become functional and KE's Appeal is pending before the Tribunal, the Hon'ble Court disposed of this Petition with directions that KE's appeal be heard expeditiously, and until KE's Appeal is finally decided by the NEPRA Appellate Tribunal, no coercive measures be taken against KE in the interim. The petition was accordingly disposed off.	KE disagreed with the direction of NEPRA to the security deposit to consumer without any lawful justification and discriminatory as no other power utility company in Pakistan is required to pay interest on security deposit.	-

Final Order Dated	Institution Date	Issuing Authority	Matter	Tax / Financial Period	Order Amount/ Financial Impact	Current Status	Management's Stance	Provision in Financial Statements
N/A	10 Nov 15	Sindh High Court	KE filed a review application against the NEPRA's 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 Rs. 10 million on KE. KE 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.	2016	Approx Rs. 10 million	The Case was last Fixed For Hearing on 27th October 2022 and was discharged without any proceedings and still pending adjudication before the High Court of Sindh.	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 Rs. 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.	-

Note:

1. With reference to overall circular debt situation, without prejudice to the aforementioned position of KE and solely on the basis of abundant caution, a provision amounting to PKR 5,269 million is being maintained by KE in its financial statements on account of overall mark-up on delayed payment to vendors.
2. Apart from the eleven legal proceedings disclosed above, no other outstanding legal proceeding other than the normal course of business involving the issuer, its sponsors, substantial shareholders, directors and associated companies, over which the Issuer has control, that could have material impact on the issuer.

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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 Minster 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 severly 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 UNDERWITING 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

Expenses to the Issue	Rate	Amount (PKR)
Printing, Publication of Prospectus / Application Forms		600,000
Marketing		8,000,000
Balloter & Share Registrar Fee etc.		1,300,000
Shariah Audit expenses for Shariah Compliant Security		-
Miscellaneous Costs		2,000,000
Total		**51,125,000**

*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.

Note:
1. Commission for Banker to General public is based on assumption of 100% general public subscription through Bankers to the Issue
2. Stamp duty fee (if any) will be paid as per applicable law
3. All fees are excluding Sales Tax/FED
4. Shariah Audit for securities is covered as part of KE's overarching financial audit that is conducted by A. F. Ferguson & Co. Hence, no additional expense is incurred to conduct Shariah Audits since it is already covered in its main audit scope

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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: wwe.ke.com.pk

12.2 BANKERS TO THE COMPANY

S. No.	Name	Address	Contact No.	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	2nd Floor, Bath Island Building, Main Clifton Road, Karachi, 75600	+92 21 111 225 225	hamza.hassan@abl.com
4	Askari Bank Limited	3rd 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	13th 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, 12th 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	37th Floor, Bank of China Tower, 200 Yin Cheng Rd., Pu Dong, Shanghai 200120, China.	+8621 5037 5012	Hullykjgs_sh@bank-of-china.com
9	Bank of Punjab	5-C Lane 4, Khayaban-e-Shahbaz, Phase VI, DHA, Karachi	+92 42 35783700-10	marya.qureshi@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	Liuyiming_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

S. No.	Name	Address	Contact No.	Email
13	Credit Suisse AG	Uetlibergstr. 231 (C2), Zurich	+41 44 334 6422	Exportfinance.international@credit-suisse.com & Portfolio.admin@credit-suisse.com
14	Deutscge Bank Aktiengeseellschaft, 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	Faysal Bank Limited	Faysal House, ST-02, Shahrah-e-Faisal, Karachi	+92 21 111 747 747	nadirkhan@faysalbank.com
18	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
19	Habib Bank Limited	HBL, 2/F, HBL Plaza, I.I. Chundrigar Road, Karachi	+92 21 111 111 425	tayyab.majid@hbl.com
20	Industrial & Commercial Bank of China Limited	55 Fuxingmennei Avenue, Xicheng District, Beijing, China	+8610 8101 3839	dujingyu@icbc.com.cn
21	JS Bank Limited	JS Bank Boat Basin Branch, Karachi	+92 (21) 111-654-321	zeeshan.qureshi@jsbl.com
22	MCB Bank Limited	19th Floor MCB Tower, I.I. Chundrigar Road, Karachi	+92 21 111 000 622	saba.liaqat@mcb.com.pk
23	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
24	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
25	National Bank of Pakistan	1st Floor, Head Office Building, I.I. Chundrigar Road, Karachi 74000, Pakistan	+92 21 99220100	tabish.shaikh@nbp.com.pk
26	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
27	Pak Brunei 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

S. No.	Name	Address	Contact No.	Email
28	Pak China Investment Company Limited	Saudi Pak Tower, 13th Floor, 61-A, Jinnah Avenue, Blue Area, Islamabad	+92 51 2099622	hussain.rattani@pakchinainvest.com
29	Pak Kuwait Investment (Private) Company Limited	4th Floor, Block-C, Finance & Trade Centre, Shahrah-e-Faisal, Karachi-Pakistan	0092-21-111 611 611	naeem.iqbal@pkic.com
30	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
31	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
32	Soneri Bank Limited	PNSC Building - 10th Floor, M.T. Khan Road, Karachi	+92 21 111 766 374	mansoor.khan@soneribank.com
33	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
34	Standard Chartered Bank (Pakistan) Limited	4th Floor, Head Office, I.I Chundrigarh Road, Karachi, Pakistan	+92 21 111 722 724	elain.noronha@sc.com
35	Standard Chartered Bank (UK)	1 Basinghall Avenue London, EC2V 5DD, United Kingdom	+44 207 885 5345	LoansAgencyUK@sc.com
36	United Bank Limited	14th 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. MCB Bank Limited
11. Meezan Bank Limited
12. 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 & Company
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 BALLOTER 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

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PART XIII

13 MATERIAL CONTRACTS AND DOCUMENTS RELATED TO THE ISSUE

13.1 INVESTORS AGREEMENT

Pre-IPO Investors			
S. No.	**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	4-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 1^{st} and ends on June 30^{th}.

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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 August 4, 2025, and will end on September 3, 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 August 4, 2025, to August 17, 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 **August 18, 2025, to September 3, 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 September 3, 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 1-LINK 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.cdcacess.com.pk 24 hours a day during the subscription period which will close at midnight on September 3, 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	MCB Bank Limited	K-ELECTRIC LIMITED - RETAIL SUKUK SUBSCRIPTION ACCOUNT
11	Meezan Bank Limited	K-Electric Limited -Retail Sukuk Subscription Account
12	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 النّاس کو مطلع کیا جاتا ہے کہ سیکیورٹیز ایکٹ2015 کی شق نمبر(7)87 کے تحت جھوٹی یا جعلی درخواستیں دینا قانوناً جرم ہے۔ خلاف ورزی کرنے والوں کی رقم، جو کہ درخواست کے ساتھ جمع کرائی جاتی ہے، سیکیورٹیز ایکٹ 2015 کی شق نمبر(7)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 14.13 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 first 14 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:
   a. 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.
   b. Duplicate applications under the same CNIC/NICOP/Passport Number will be rejected.
   c. Applications with the below mandatory fields missing will be rejected:
      i. CNIC/NICOP/Passport Number/Registration No.
      ii. Mobile number/Phone number,
      iii. Email address
   d. 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*

   e. **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 (a)		KE's consumers (individuals)
3 (b)		KE's consumers (non-individuals)
4		Non-KE consumers

   a. **Note:** Investors whose KE account number cannot be verified or is incorrect will be considered as a non-KE consumer and their allocation shall take place accordingly.

6. Priority Allocation will be carried out as follows:

A. If the Sukuk Issue is fully subscribed/oversubscribed within the Black out period for individuals:

1. Balloter will then first allocate the Sukuk Certificates to applicants who are KE consumers.
   a. In case the Sukuk issue is oversubscribed within KE consumers, the Balloter will allocate on a pro-rata basis.
   b. Note: This allocation is irrespective of which profit mode option the investor/KE consumer chooses.

2. 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:

1. Ballotter shall first allocate the requested amount to the Blackout period investors regardless of their category or date/time of subscription.
2. 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:
   a. Balloter will then first allocate the remaining Sukuk Certificates to the remaining applicants who are KE consumers and are individuals.
      1. In case the Sukuk issue is oversubscribed within KE consumers (who are individuals), the Balloter will allocate on a pro-rata basis.
      2. **Note:** This allocation is irrespective of which profit mode option the investor/KE consumer chooses.
   b. If an unsubscribed amount remains after allocation above, the Balloter will then allocate to the remaining applicants who are KE consumers and are not individuals.
      1. In case the Sukuk issue is oversubscribed within KE consumers (who are not individuals), the Balloter will allocate on a pro-rata basis.
      2. **Note:** This allocation is irrespective of which profit mode option the investor/KE consumer chooses.
   c. If an unsubscribed amount remains after allocation above, the Balloter will then allocate to non-KE consumers.
      1. In case the Sukuk issue is oversubscribed within non-KE consumers, the Balloter will allocate on a pro-rata basis.

C. **Note:** It is possible that KE consumers subscribing post the black out period, and 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 5 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 7 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 UNSUCESSFUL APPLICANTS

As per regulation 13(8) of the PO Regulations, within five (05) 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 5(five) working days of the Issue Date.

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	07	Faysal Bank Limited
02	Bank Al Habib Limited	08	Habib Bank Limited
03	Bank Alfalah Limited	09	Habib Metropolitan Bank
04	Bank Islami Pakistan Limited	10	MCB Bank Limited
05	Bank of Punjab	11	Meezan Bank Limited
06	Dubai Islamic Bank Pakistan Limited	12	United 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 five (5) working days of the Issue Date. 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.

PART XV

15 SIGNATORIES TO THE PROSPECTUS

SIGNATORIES TO THE PROSPECTUS

Mark Skelton

MARK GERARD SKELTON
Chairman/Non-Executive Director

Syed Moonis Abdullah Alvi
Chief Executive Officer

MUBASHER H. SHEIKH
Non-Executive Director

Adeeb Ahmad
Non-Executive Director

SHAN A. ASHARY
Non-Executive Director

Muhammad Kamran Kamal
Non-Executive Director

Saad Amanullah Khan
Independent Director

DR. MUHAMMAD FAKHRE ALAM IRFAN
Non-Executive Director

Javed Kureishi

Javed Kureishi
Non-Executive Director

IMDAD ULLAH BOSAL
Non-Executive Director

WITNESSES

MUHAMMAD AAMIR GHAZIANI
Chief Financial Officer
K-Electric Limited

DANYAAL JAMAL
Head of Treasury
K-Electric Limited

Certified by

RIZWAN PESNANI
Company Secretary
K-Electric Limited

Date: MAY 20TH, 2025

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, Pakistan.

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.

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RASHID MOHIUDDIN
Manager
Corporate Affairs
K-ELECTRIC LIMITED

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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 turn 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 authorised by any such Act, order or license.

16. To purchase or otherwise acquire any patents, brevets d'inventions, licenses, concessions and the like conferring any exclusive or non-exclusive or limited right to use any invention which may seem capable of being used for any of the purposes of the Company, or 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.

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Manager
Corporate Affairs
K-ELECTRIC LIMITED

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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 upon such securities 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 or 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 the Company except as otherwise expressed therein.

IV. The Liability of the Members is Limited.

Company Registration Office Karachi
Securities and Exchange Commission of Pakistan
SECP

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K-ELECTRIC LIMITED

RASHID MOHAMMED
Manager
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.

WE, 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. Beaumount	Merchant, Karachi	1 (one)	
Ghulamali G. Chagla	Merchant, Karachi	1 (one)	
Nadirshaw E. Dinshaw	Merchant, Karachi	1 (one)	
W.U. Nicholas	Merchant, Karachi	1 (one)	
B. Frank Jones	Merchant, Karachi	1 (one)	
Chellaram Dulloomal	Merchant, Karachi	1 (one)	
Abdool Rahim Saleh Mahomed	Merchant, Karachi	1 (one)	

Company Registration Office Karachi · Securities and Exchange Commission of Pakistan

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Additional Joint Registrar of Companies

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K-ELECTRIC LIMITED
RASHID MOHIUDDIN
Manager
Corporate Affairs
K-ELECTRIC LIMITED

PART XVII

17 APPLICATION FORM

SUBMISSION OF FALSE AND FICTITIOUS APPLICATIONS IS AN OFFENCE UNDER SECTION 87(7) OF THE SECURITIES ACT, 2015 AND SUCH APPLICATIONS' MONEY MAY BE FOREFIETED UNDER SECTION 87(8) OF THE SECURITIES ACT, 2015

عوام النّاس کو مطلع کیا جاتا ہے کہ سیکیورٹیز ایکٹ2015 کی شق نمبر(7)87 کے تحت جھوٹی یا جعلی درخواستیں دینا قانوناً جرم ہے۔ خلاف ورزی کرنے والوں کی رقم، جو کہ درخواست کے ساتھ جمع کرائی جاتی ہے، سیکیورٹیز ایکٹ 2015 کی شق نمبر(7)87 کے تحت ضبط کی جاسکتی ہے۔

Jama Punji

For investor education please visit www.jamapunji.pk
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INVESTMENT IN SECURITIES IS A HIGHLY RISKY BUSINESS. INVESTORS ARE, THEREFORE, ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THE PROSPECTUS ESPECIALLY THE RISK FACTORS BEFORE MAKING ANY INVESTMENT DECISION.

K-Electric Limited

APPLICATION FOR SUBSCRIPTION OF SUKUK CERTIFICATES

As per the Section 72 of Companies Act, 2017, the securities shall be issued in book-entry form only. Therefore, Sukuk of K-Electric Limited shall only be issued in scrip-less form in the CDS of CDCPL (Refer to instruction No.4 on the reverse hereof)

The Directors,
K-Electric Limited
KE House, 39-B, Sunset Boulevard, Phase II,
Defence Housing Authority, Karachi, Pakistan
http://www.ke.com.pk/

CDC PARTICIPANT / ACCOUNT HOLDER ID	SUB ACCOUNT NUMBER	HOUSE A/C NO.

CDC INVESTOR ACCOUNT SERVICES ID	CDC INVESTOR ACCOUNT NO.	Do you want to avail CDC's facility of IPO FACILITATION ACCOUNT			
		Yes		No	

SUBSCRIPTION DATE
From August 4, 2025 to September 3, 2025 during banking hours

For Brokers

Broker's Stamp & Code
PSX
Code

For Brokers

Banker's Stamp	
Bank Code	Branch Code
Application Serial No.	

1) By submitting this application, I/We hereby acknowledge, accept and consent to the terms of the Sukuk Subscription and Issue Agency Agreement ((as per the format uploaded on the Issuer's website and to the extent applicable to an IPO Retail Investor) including, but not limited to, to the appointment of Habib Bank Limited ("Issue Agent") as my/our agent and for the Issue Agent to enter into the Musharaka with K-Electric Limited on my/our behalf, and I/We apply for the following number of Sukuk Certificates at Issue Price for the value indicated below:

No. of Sukuk Certificates Applied For	Amount Payable in PKR	Cheque/ Demand Draft/Pay Order No.

2) I/We agree to accept the same or any smaller number of Sukuk Certificates that may be allotted to me/us upon the terms as stated in the Prospectus. I/We authorize you to credit the Sukuk Certificates to me/us pursuant to this application and if no Sukuk Certificates or a smaller number of Sukuk Certificates are allotted to me/us you are hereby authorized to return to me/us by cheque or other means my/our application money for the amount of Sukuk Certificates not credited to me/us.

For Pakistanis	
Resident	01
Non-resident	02

3) DECLARATION

I/We declare that: i) I am/We are national(s) of ______________________________; ii) I am/We are not minor(s); iii) I/We have not made nor have I/we instructed any other person substitution(s) to make any other application(s) in my/our name(s) or in the name of any other person on my/our behalf or in any fictitious name; iv) I/We agree to abide by the instructions provided with this application and in case of any information given herein being incorrect I/we understand that I/we shall not be entitled to the allotment of Sukuk Certificates if successful rather the application money shall be liable to confiscation if this declaration proves to be incorrect at any time.

Yours faithfully,

Signature(s) a) ______________________ b) ______________________

4) ALL DETAILS MUST BE WRITTEN IN B L O C K - L E T T E R E **IN THE SPACES PROVIDED, LEGIBLY IN BLACK PEN**

a) Name in Full (as per CNIC)					
Mr. / Ms. / Mrs. / Co. — Please Tick					
Father's/Husband's Name (as per CNIC)					
Identity Number (CNIC/ Passport/ Registration No.)					
Identity Number (NTN*)					
KE Consumer (Please Tick)	Yes	No	KE Account Number (if KE Consumer)		
Profit Payment Method (Please Tick)	Account Transfer	Adjustment in K-Electric Bill			
*INVESTORS ARE ENCOURAGED TO DISCLOSE THEIR NTN NUMBERS TO FACILITATE K-ELECTRIC LIMITED TO CHECK STATUS OF THE SUKUK HOLDERS AS TAX RETURN FILER OR NON FILER FROM THE ACTIVE TAXPAYERS LIST (ATL) AVAILABLE ON THE WEBSITE OF FBR.					
Full Address (Including Email Address)					
Phone No. (Including Mobile Number)		Occupation Code		Muslim	Non Muslim
International Bank Account Number (IBAN)					
Bank Name					
Branch Name & Address					
Additional Information - For Non-Resident Pakistanies and Foreign Investors Only					
Place of Issue of Passport			Date of Issue of Passport (DD-MM-YYYY)		
Corporate Business Letter enclosed	Yes	No	Nationality Code	Country of Residence	
5) FOR JOINT HOLDER, IF ANY					
b) Name in Full (as per CNIC)					
Mr. / Ms. / Mrs. / Co. — Please Tick					
Identity Number (CNIC/ Passport/ Registration No.)					

PROFIT MANDATE : Mark tick [✓] in the appropriate boxes Yes [ ] No [ ]

In order to enable the Company to credit the Profit, by the Company, in Sukuk Holder bank account, instead through cheque, please fill in the following boxes:

Title of Account		Signature of the Applicant as per the Bank account
International Bank Account Number (IBAN)		
Bank Name		
Branch Name and Address		

(TO BE FILLED IN BY THE APPLICANT'S BANKER)

6) It is certified that the above-mentioned applicant(s) is/are maintaining account number as mentioned above at this bank branch and his/her/their particulars and signature(s) are correct and verified as per the bank's record and thier CNIC/Passport. It is further certified that only one application has been made in the name of the above account holder through this branch. We also confirm that the original CNIC/Passport has been seen by us.

Note: In case the subscription money is paid through a bank other than the Bankers to the Issue (through pay order or bank draft), this certification shall be provided by the manager of the bank where the applicant maintains his/her bank account.

Bank's Authorized Signatory
Bank's Rubber Stamp

SPECIMEN SIGNATURE(S) OF THE APPLICANT

	NAME OF THE APPLICANT IN BLOCK LETTERS (AS PER CNIC)	SPECIMEN SIGNATURE(S)
a)		
b)		

Bankers to the Issue's Provisional acknowledgement of application for Sukuk Certificates of K-Electric Limited

Received from Mr/Ms/Mrs. ______________________ application for ______________________

______________________ Sukuk Certificates.

Name of Bank	Branch Code	Application Serial No.	Date of Receipt	Signature of Authorized Representative & Rubber Stamp of Receiving Bank

IMPORTANT: (i) This slip must be retained by the Applicant ii) Please read instructions provided with this application

APPLICATION AND ALLOTMENT INSTRUCTIONS

1. **Eligible investors include:**
a) Pakistani citizens resident in or outside Pakistan or Persons holding dual nationalities including Pakistani nationality;
b) Foreign Nationals whether living in or outside Pakistan;
c) 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);
d) Mutual Funds, Provident / pension / gratuity funds / trusts, (subject to the terms of the Trust Deed and existing regulations); and
e) 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.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 are 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).

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

4. **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.**

5. **APPLICATIONS MADE BY INDIVIDUAL INVESTORS**
a) 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.
b) 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.

6. **APPLICATIONS MADE BY INSTITUTIONAL INVESTORS**
a) 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.
b) Photocopies of the documents mentioned in paragraph 6(a) 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.

7. **ADDITIONAL INSTRUCTIONS FOR INVESTORS**
a) 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.
b) 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 129[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.
c) 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 are given below, and crossed "**A/C PAYEE ONLY**".

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

d) 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.
e) 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.
f) Applications are not to be made by minors and / or persons of unsound mind.
g) Applicants should ensure that the bank branch, to which the application is submitted, completes the relevant portion of the application form.
h) 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.
i) 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.
j) 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.
k) 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.
l) Submission of false and fictitious applications is prohibited and such Application Money may be forfeited under section 87(8) of Securities Act, 2015
m) عوام النّاس کو مطلع کیا جاتا ہے کہ سیکیورٹیز ایکٹ2015کی شق نمبر(7)87 کے تحت جھوٹی یا جعلی درخواستیں دینا قانوناًجرم ہے۔ خلاف ورزی کرنے والوں کی رقم، جو کہ درخواست کے ساتھ جمع کرائی جاتی ہے، سیکیورٹیز ایکٹ 2015کی شق نمبر(7)87 کے تحت ضبط کی جاسکتی ہے۔

8. **ADDITIONAL INSTRUCTIONS FOR FOREIGN / NON-RESIDENT INVESTORS**
a) 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.
b) Foreign / Non-resident investors should follow the payment instructions given in Para 14.10 of the prospectus.

9. **BASIS OF ALLOTMENT**
a) 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.
b) 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. 10,000/- only. Applications, which are neither for a minimum of 5 Sukuk Certificates (i.e. for a minimum amount of Rs. 50,000/-) nor for multiples of Rs. 10,000/- exceeding Rs. 50,000/-, shall be rejected.
c) Allotment/Transfer of Sukuk Certificates to successful applicants shall be made in accordance with the allotment criteria/ instructions disclosed in Para 14.11 of the Prospectus.
d) 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.
e) 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.
f) Successful applicants will be informed of their allocation through email from the Balloter, as the Company will credit the Sukuk Certificates in the respective CDS accounts after declaration of Issue Date.

10. **BANKERS TO THE ISSUE**

11. **OCCUPATION CODE**

Code	Name of Banks	Code	Name of Banks
01	Allied Bank Limited	07	Faysal Bank Limited
02	Bank Al Habib Limited	08	Habib Bank Limited
03	Bank Alfalah Limited	09	Habib Metropolitan Bank
04	Bank Islami Pakistan Limited	10	MCB Bank Limited
05	Bank of Punjab	11	Meezan Bank Limited
06	Dubai Islamic Bank Pakistan Limited	12	United Bank Limited

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

12. **PUBLIC SUBSCRIPTION THROUGH e-IPO:**

i. 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).

i. Centralized e-IPO System (CES):

The Central Depository Company of Pakistan Limited (CDC) has developed a Centralized e-IPO System (CES) through which applications for subscription of securities offered to the general public can be made electronically. CES has been made available in this IPO and can be accessed through the web link (https://csp.cdcaccess.com.pk/). Payment of subscription money can be made through 1LINK's member banks available for CES, list of which is available on above website.

For making application though CES, investors must be registered with CES. Registration with CES is free of cost and a self-registration process by filling the CES registration form, which is available 24/7 all around the year. Investors who have valid Computerized National Identity Card (CNIC), bank account with any of the commercial bank, email address, mobile phone number and CDS Account (Investor Account or sub Account) OR CDC's IPO Facilitation Account may registered themselves with CES.

Investors who do not have CDS account may visit www.cdcpakistan.com for information and details.

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. For further detail on CES, please refer to Para 14.6 of the Prospectus.

13. **NATIONALITY CODE**

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

For further queries you may contact:

K-Electric Limited: Ms. Syeda Sharmeen Ahmed, Phone: 92-21-3870 9132 (Ext: 2709); sharmeen.ahmed@ke.com.pk ; Mr. Kelash Kumar, Phone: 92-21-3870 9132 (Ext: 7073); kumar.kelash@ke.com.pk;
Habib Bank Limited: 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