
SUKUK ISSUANCE AGREEMENT

By and Between

K-ELECTRIC LIMITED

(As the Issuer)

And

HABIB BANK LIMITED

(As the Investment Agent)

Executed at Karachi on April 24, 2025

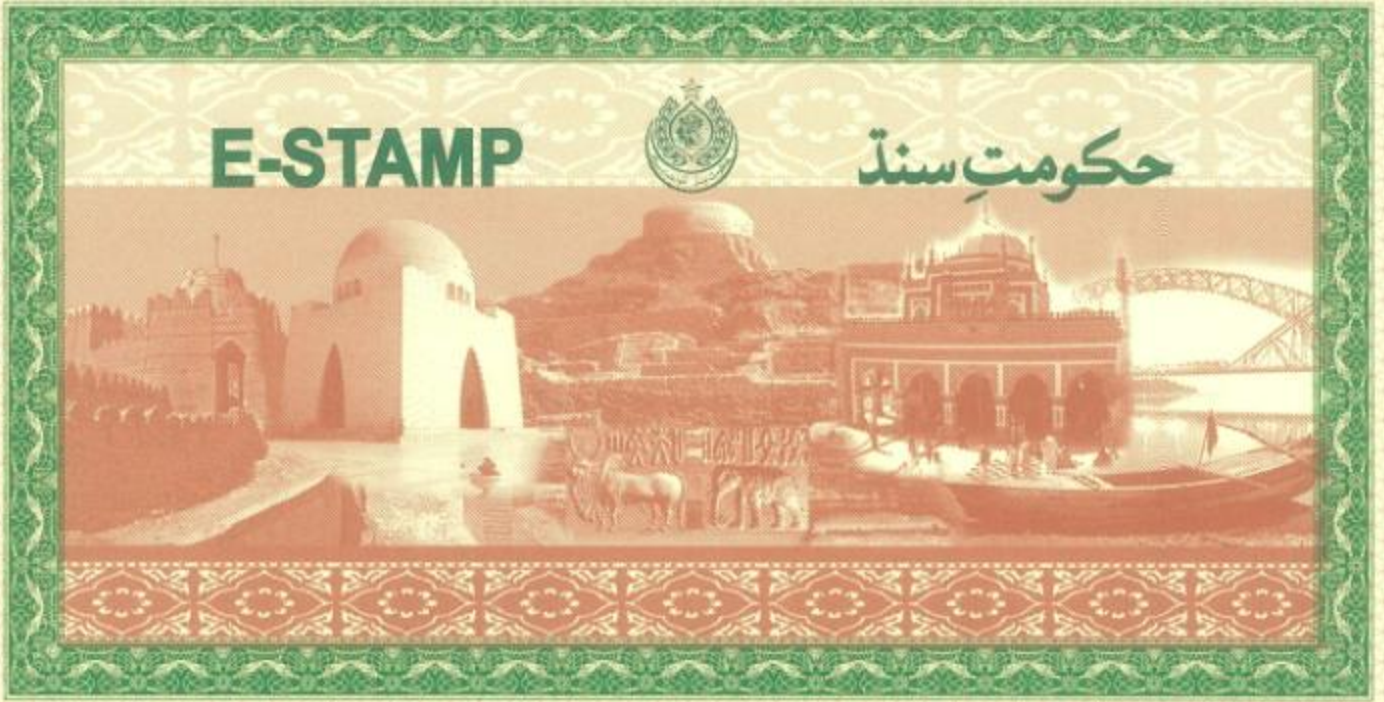


MTIC

MOHSIN TAYEBALY & CO.
CORPORATE LEGAL CONSULTANTS | BARRISTERS & ADVOCATES



SSA



SND-0372-461452114538

GoS-KHI-562F6ADAB4558203

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

Description	: Agreement or Memorandum of an Agreement - 3(c)
First Party	: K-Electric Limited [15431371]
Second Party	: Habib Bank Limited [06981879]
Applicant	: Ameer Jalal [42401-6195446-9]
Stamp Duty Paid by	: K-Electric Limited [15431371]
Issue Date	: 22-Apr-2025, 12:05:50 PM
Paid Through Challan	: 202583DFE0A21776
Amount in Words	: One Thousand Rupees Only

Please Write Below This Line

You can verify your e-Stamp paper by scanning the QR code or online at www.estamps.gos.pk using the "Verification Through Web" option.**SUKUK ISSUANCE AGREEMENT**THIS SUKUK ISSUANCE AGREEMENT is made at Karachi on April 24, 2025 (the "Agreement");**BY AND BETWEEN**

- K-ELECTRIC LIMITED**, a company incorporated under the laws of Islamic Republic of Pakistan and having its registered office at KE House, 39-B, Sunset Boulevard, Phase-II, Defence Housing Authority, Karachi (hereinafter referred to as the "Issuer", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns);



AND

2. **HABIB BANK LIMITED**, a banking company incorporated under the laws of the Islamic Republic of Pakistan and having its registered office at 9th Floor, Habib Bank Tower, Jinnah Avenue, Blue Area, Islamabad (hereinafter referred to as the **"Investment Agent"** which expression shall mean and include where the context so requires or admits, its successors-in-interest and assigns).

(The Issuer and the Investment Agent are hereinafter collectively referred to as the **"Parties"** and each individually referred to as a **"Party"**).

WHEREAS:

- A. The Issuer is proposing to raise Islamic financing under the mode of Musharakah (shirkat-ul-aqd) in the form of redeemable capital. This will be achieved via 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), which shall comprise of a private placement (the **"Pre-IPO Placement"**) to eligible institutional and other investors (the **"Pre-IPO Investors"**) and a public offer of at least PKR 300,000,000/- (Pak Rupees Three Hundred Million) (the **"Public Offering"**) to retail investors (the **"Retail Investors"**) pursuant to the provisions of Section 66 of the Companies Act, 2017 (the **"Sukuk Issue"**).

(The Pre-IPO Investors and the Retail Investors are hereinafter collectively referred to as the **"Investors"** or the **"Certificate Holders"**).

- B. The sums paid by the Investors / Certificate Holders shall be applied towards investment of the Issue Agent's Investment in the Designated Business for the purposes of meeting the Issuer's working capital requirements (**"Purpose"**) in accordance with the Musharaka Agreement.
- C. This Agreement is intended to secure the Issuer's obligation towards the Certificate Holders to pay (including by way of adjustment to the extent applicable) the Provisional Profit Payments on the relevant dates and to redeem the Sukuk Certificates on the Redemption Date and to secure all other obligations of the Issuer under the Transaction Documents.
- D. The Certificate Holders shall rank as pari passu creditors inter se with respect to the sums due to them from the Issuer in respect of the Sukuk Issue.
- E. The Investment Agent has agreed to act as Investment Agent under this Agreement and to protect the interests of the Certificate Holders and hold the benefit of the covenants and obligations of the Issuer under the Transaction Documents for the benefit of the Certificate Holders.
- F. By a resolution of the Board of Directors of the Issuer passed on January 14, 2025, the Board of Directors of the Issuer has resolved to approve the Sukuk Issue, to issue the Sukuk Certificates, execute the Transaction Documents and other ancillary documents, and to take all steps necessary for completing the Sukuk Issue including the approval and publication of the Prospectus for the purposes of the Public Offering.
- G. The Sukuk Issue and the publication of the Prospectus are subject to the approval of the SECP.
- H. The application for listing of the Sukuk Certificates will be made to the Stock Exchange by the Issuer and the listing of the Sukuk Certificates is subject to approval of the application for listing by the Stock Exchange.



NOW THEREFORE, this Agreement witnesseth and it is hereby agreed by and between the Parties as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

- 1.1.1 The following terms shall in this Agreement have the meaning assigned hereunder. In addition, all capitalized terms used in this Agreement, unless specifically defined shall have the meaning ascribed thereto under the Musharaka Agreement:

"Adjustment Method" has the meaning assigned to it under the Terms and Conditions;

"Application Form(s)" means the application form(s) to be signed by the Retail Investors, pursuant to which the Retail Investors will subscribe to the Sukuk Issue in accordance with the Prospectus;

"Articles" means the articles of association of the Issuer, as amended from time to time;

"ASAS" means ASAS Shariah Advisory Services (Private) Limited;

"Authorised Representative" means:

- (i) in respect of the Issuer, any officer of the Issuer nominated by or on behalf of the Issuer as an Authorised Representative by notice to the Investment Agent; and
- (ii) in respect of the Investment Agent, any officer of the Investment Agent nominated by or on behalf of the Investment Agent as an Authorised Representative by notice to the Issuer;

"Business Day" means a day on which banks are open for the transaction of general banking business in Pakistan;

"Certificate Holders" means the persons and/ or the institutions for the time being entered as the holders of Sukuk Certificates in the Register of Certificate Holders maintained by the Issuer or a Registrar appointed by the Issuer with the approval of the Investment Agent and/or in case of the Sukuk Certificates inducted in the Central Depository System ("CDS"), as shown as such holders in the records of the CDS, who shall be the beneficiaries under this Agreement;

"Conditions Precedent" means the conditions precedent stipulated in Clause 4.1;

"Customary Method" has the meaning assigned to it under the Terms and Conditions;

"Designated Business" means the business of the Issuer relating to the distribution of electricity to its customers/consumers (including industrial, commercial, agricultural and residential areas) in the Integrated Business Centres specified by the Issue Agent;

"DSL Regulations" means Chapter 5B of the Rule Book titled "Listing of Debt Securities Regulations" as amended from time to time;

"Eligible Investors – Adjustment Method" has the meaning assigned to it under the Terms and Conditions;

"Event of Default & Termination" means an Event of Default & Termination and includes each of the events and circumstances described in Clause 8 after the expiry of the relevant cure period provided under Clause 8.1.1 (where applicable);



"Financial Indebtedness" means any indebtedness (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent for or in respect of:

- (a) moneys borrowed or raised by the Issuer including, without limitation, any loans or finances as defined in the Financial Institutions (Recovery of Finances) Ordinance, 2001;
- (b) any amount raised by acceptance under any acceptance credit facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, sukuk, notes, debentures, debt stock, redeemable capital or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with generally accepted accounting principles in Pakistan, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into, in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (i) any amount raised by the issue of redeemable shares;
- (j) any amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into this agreement is to raise finance; and
- (k) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above;

"Financial Year 2025" means the financial year of the Issuer for the period commencing on July 1, 2024 and ending on June 30, 2025;

"Issue Agent" means Habib Bank Limited as Issue Agent for and on behalf of the Investors;

"Issue Agent's Investment" means the share of the Issue Agent (on behalf of the Investors) in the Musharaka to the extent of 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);

"Issue Date" means the last subscription date (as part of the Public Offering) or the date of closure of subscription period under the Public Offering, whichever is earlier, being a date that is a Business Day, provided that such date falls between the 3rd (third) and 5th (fifth) calendar day of a calendar month, or the next date that is a Business Day and falls between the 3rd (third) and 5th (fifth) calendar day of a calendar month, or such other date notified by the Investment Agent to be the Issue Date;

"Issue Price" means the amount invested / to be invested by the Investors / Certificate Holders,



being the aggregate face value of the Sukuk Certificates;

"Material Adverse Effect" means, in respect of the Issuer, the occurrence of any event or series of events including in relation to the business, assets or financial condition of the Issuer, which in the reasonable opinion of the Investment Agent might have a material adverse effect on the Issuers ability to perform its obligations under this Agreement;

"Majority Certificate Holders" mean Certificate Holders holding together more than 66.67% (sixty six point sixty seven percent) of the total outstanding face value of the Sukuk Certificates;

"Memorandum" means the memorandum of association of the Issuer, as amended from time to time;

"Musharaka" means the musharaka to be established by the Issuer and the Issue Agent whereby each one of them have contributed towards the Musharaka Investment, pursuant to the Musharaka Agreement;

"Musharaka Agreement" means the Musharaka Agreement dated on or about the date hereof, to be entered into between the Issue Agent and the Issuer;

"Musharaka Investment" means the aggregate sum of the Issue Agent's Investment and the Managing Partner's Investment (as defined under the Musharaka Agreement);

"Musharaka Commencement Date" means the date of first disbursement/contribution of the Issue Agent's Investment;

"Musharaka End Date" means the date falling 12 (twelve) months from the Issue Date;

"Musharaka Loss" means the musharaka loss of the Musharaka incurred in connection with the Designated Business during the Loss Period;

"Musharaka Profit" means the musharaka profit of the Musharaka incurred in connection with the running of the Designated Business of the Issuer during the Profit Period and calculated in accordance with Schedule 3 of the Musharaka Agreement;

"NBFC" means a non-banking finance company which includes a company licensed by the SECP to carry out any one or more forms of business as specified in clause (a) of section 282A of the Companies Ordinance, 1984;

"NBFC Rules" means the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (as amended from time to time);

"NBFC Regulations" means the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (as amended from time to time);

"PACRA" means The Pakistan Credit Rating Agency Limited;

"Payment Obligations" means the amounts, which is outstanding and payable to the Certificate Holders pursuant to the Sukuk Certificates and/or under the Transaction Documents;

"PKR" or "Pak Rupees" means the lawful currency of Pakistan;

"Potential Event of Default & Termination" means any event or circumstance which, with the passage of time or the giving of notice or both, is likely to become an Event of Default & Termination;



"Proceeds" means all the proceeds/monies realized from the Recovery Proceeds by the Investment Agent;

"Pre-IPO Investors" shall have the same meaning as ascribed to it under Recital A above;

"Private Placement Rules" means collectively the (i) Private Placement of Securities Rules, 2017 and (ii) Sukuk (Privately Placed) Regulations, 2017, issued by the SECP (as amended from time to time);

"Profit Period" or **"Loss Period"** means the 12 (twelve) months period commencing from the Issue Date and ending on the Musharaka End Date or upon the occurrence of Event of Default & Termination (whichever is earlier);

"Prospectus" shall mean the prospectus in terms of which the Issuer makes an offer to the general public for subscription of the Sukuk Certificates in accordance with the provisions of the Companies Act, 2017, the Public Offering Regulations and the Securities Act, 2015, and the approval of the SECP and the Stock Exchange and other applicable laws and regulations;

"Provisional Profit Payments" means the provisional profit payments to be made (whether by direct payment through the Customary Method or by adjustment through the Adjustment Method) by the Issuer for the Profit Period, as specified in Schedule 3 attached hereto;

"Prudential Regulations" means the Prudential Regulations for Banks / Development Financial Institutions issued by the SBP, as may be amended from time to time;

"Prudential Regulations for NBFCs" means the Prudential Regulations for Non-Banking Finance Companies;

"Public Offering Regulations" means the Public Offering Regulations, 2017, as amended from time to time;

"Receiver" means any person or persons appointed by the Investment Agent as administrative receiver or a receiver and manager or receivers and managers with respect to administration of the Recovery Proceeds;

"Redemption Amount" means the amount to be paid by the Issuer to the Certificate Holders as payment for the redemption by the Issuer of the Issue Agent's Investment as appearing in Schedule 2 hereto;

"Redemption Date" means the date on which the Issuer shall redeem the Issue Agent's Investment from the Certificate Holders as set out in Schedule 2 hereto;

"Register of Certificate Holders" means the Register of Certificate Holders herein covenanted to be kept by the Issuer or a Registrar appointed by the Issuer;

"Registrar" means the registrar appointed by the Issuer in relation to the Sukuk Issue;

"Representations and Warranties" means the representations and warranties made by the Issuer to the Investment Agent and detailed in Clause 5.1;

"Recovery Proceeds" means

- (i) the rights and benefits under the Transaction Documents; and



- (ii) all benefits and rights of the Certificate Holders in the Musharaka Investment, including the realization of any of these benefits and rights, acquired pursuant to the any of the Transaction Documents;

"Rule Book" means the Pakistan Stock Exchange Limited Regulations issued by the Stock Exchange, as amended from time to time;

"SBP" means the State Bank of Pakistan;

"SDS Regulations" means the Structuring of Debt Securities Regulations, 2020 issued by the SECP, as amended from time to time;

"SECP" means the Securities and Exchange Commission of Pakistan;

"Shariah Advisor - I" means the shariah board of HBL Islamic Banking presently consisting of Dr. Zubair Usmani, Mufti Yahya Asim and Dr. Ejaz Ahmed Samadani, and their respective successors/replacements;

"Shariah Advisor - II" means the shariah board of ASAS presently consisting of Mufti Syed Zahid Siraj, Mufti Waseem Akhtar and Mufti Muhammad Nadeem Siddiqui, and their respective successors/replacements;

"Shariah Advisor - III" means Mufti Ali Asghar;

"Shariah Advisors" means, collectively, Shariah Advisor – I, Shariah Advisor – II and Shariah Advisor – III;

"Shariah Governance Regulations" mean the Shariah Governance Regulations, 2023, as amended from time to time;

"Stock Exchange" means the Pakistan Stock Exchange Limited;

"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;

"Sukuk Subscription and Issue Agency Agreement(s)" means the sukuk subscription and issue agency agreement(s) dated on or about the date hereof entered into between the Issue Agent, the Issuer and the Pre-IPO Investors;

"Terms and Conditions" means terms and conditions applicable to the Sukuk Certificates attached as Schedule 1 to this Agreement;

"Transaction Documents" means the documents to be entered into in respect of the Sukuk Issue being:

- (i) one or more Sukuk Subscription and Issue Agency Agreement(s);
- (ii) this Sukuk Issuance Agreement;
- (iii) the Musharaka Agreement; and



(iv) Application Form(s);

"Transaction Legal Counsel" means Mohsin Tayebaly & Co. | Corporate Legal Consultants | Barristers and Advocates; and

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

1.2. Interpretation

1.2.1. In this Agreement, unless the context shall otherwise require:

- (i) a reference to any legislation or legislative provision includes any statutory modification of re-enactment of, or legislative provision substituted for, and any subordinate legislation under that legislation or legislative provision;
- (ii) the singular includes the plural and vice versa;
- (iii) a reference to a gender includes the other gender;
- (iv) a reference to an individual or person includes a company, firm, trust authority or government and vice versa;
- (v) a reference to a recital, clause or schedule is to a recital, clause or schedule of or to this Agreement;
- (vi) a recital, definition and/or schedule forms an integral and operative part of this Agreement;
- (vii) headings are for convenience of reference only and do not affect interpretation;
- (viii) a reference to any agreement or document is to that agreement or document (and, where applicable, any of its provisions) as amended, novated, restated or replaced from time to time; and
- (ix) a reference to any party to this Agreement or any other agreement, document or arrangement includes that party's executors, administrators, successors, permitted substitutes, permitted transferees and permitted assigns.

1.3 Business Day

1.3.1. If the day on which any act, matter or thing is to be done under or pursuant to this Agreement is not a Business Day, that act, matter or thing shall be done on the succeeding Business Day.

1.3.2. If the day on which any payment under this Agreement is to be made is not a Business Day, then such payment shall be made on the immediately succeeding Business Day.

2. SUKUK CERTIFICATES

2.1 Investment in the Designated Business

2.1.1 Subject to satisfaction of the Conditions Precedent (unless waived or deferred), all amounts paid by the Investors / Certificate Holders shall be used by the Investment Agent for the investment in the Designated Business, pursuant to the terms of the Musharaka Agreement.

2.2 Sukuk Certificates



- 2.2.1 Each Sukuk Certificate shall represent beneficial ownership of the Certificate Holders in the Designated Business in accordance with the terms of the relevant Transaction Documents.
- 2.2.2 Each Sukuk Certificate shall be governed by the Terms and Conditions in the form attached to this Agreement as Schedule 1.
- 2.2.3 The Sukuk Certificates are intended to be directly inducted in the CDS, accordingly, the rules and regulations relating to the CDS with respect to Sukuk Certificates shall be applicable to the Sukuk Issue, including maintenance of Register of the Certificate Holders and transfer of the Sukuk Certificates throughs CDS. The issuance and transfers of the Sukuk Certificates shall be subject to the Central Depositories Act, 1997 and the regulations and rules promulgated under the Central Depositories Act, 1997 and any provisions of this Agreement or the Terms and Conditions of the issuance of Sukuk Certificates to the extent applicable, shall stand modified accordingly.
- 2.2.4 The Certificate Holders shall have the benefit of the Transaction Documents and any other document executed pursuant to the aforesaid documents.
- 2.2.5 The Issuer shall insert the name of the Investors, or their nominees, as the case may be, on the Sukuk Certificates and shall cause such name to be entered as the registered holder of the Sukuk Certificates in the Register of Certificate Holders.
- 2.2.6 The Issuer shall bear the stamp duty payable on initial issuance of the Sukuk Certificates to the Investors.
- 2.2.7 Subject to the Issuer obtaining the requisite waivers from the SECP and the Stock Exchange, the Sukuk Certificates shall be issued to the Investors, through direct induction in the CDS, within 10 (ten) Business Days of Issue Date.

2.3 Payment of Redemption Amount

- 2.3.1 The Issuer, pursuant to the Musharaka Agreement, irrevocably undertakes that it will acquire / redeem the Issue Agent's Investment from the Certificate Holders (through the Investment Agent) on the Redemption Date at the Redemption Amount. The distribution of the Redemption Amount, as per the Musharaka Agreement, will be pro-rata to the Certificate Holders based on the total Contribution by each Certificate Holder and in accordance with the Terms and Conditions.

2.4 Payment of Provisional Profit Payments

- 2.4.1 The Issuer, pursuant to the Musharaka Agreement, undertakes that it will make payment of the Provisional Profit Payments for the Profit Period to the Certificate Holders from time to time on the relevant payment dates in accordance with the terms and conditions of the Musharaka Agreement. Such payments will be made pro-rata to the Certificate Holders and in accordance with the Terms and Conditions.

3. PROFIT ADJUSTMENT

3.1 Profit Adjustment

- 3.1.1 The Parties agree and acknowledge that the Eligible Investors – Adjustment Method shall have the option to receive Provisional Profit Payments pursuant to the Adjustment Method as cposed to the Customary Method, in accordance with the Terms and Conditions.

4. CONDITIONS PRECEDENT

4.1 Conditions Precedent



- 4.1.1 With respect to the Pre-IPO Placement and the Pre-IPO Investors, the Issuer shall be entitled to request payment of the corresponding portion of the Issue Agent's Investment in terms of the Musharaka Agreement only if the Issuer has provided evidence as to the following to the Investment Agent (unless waived or postponed/deferred):
- (i) that the Issuer has the necessary power to enter into this Agreement and the Transaction Documents, and that the execution and delivery of this Agreement and the relevant Transaction Documents by the Issuer and issuing the Sukuk Certificates is duly authorized by a resolution of the Board of Directors of the Issuer, whether passed by way of circulation or in a meeting, and a certified true copy of the same has been provided to the Investment Agent;
 - (ii) that the signatories of this Agreement and the relevant Transaction Documents on behalf of the Issuer are duly empowered to sign this Agreement and the relevant Transaction Documents to enter into on behalf of the Issuer and to bind the Issuer into the covenants and undertakings herein contained or which may arise as a consequence of the entering into this Agreement and the relevant Transaction Documents by the Issuer;
 - (iii) completion and fulfilment of all the legal formalities for the documentation and the Sukuk Issue by the Issuer and the Investment Agent, except for the completion and fulfilment of the legal formalities of the SECP and the Stock Exchange in respect of the Public Offering;
 - (iv) compliance with all legal requirements and regulations, including but not limited to compliance with the Shariah Governance Regulations and the guidelines, and all actions / consents including corporate actions for the Sukuk Issue except for any applicable compliances, actions and consents required in respect of the Public Offering;
 - (v) this Agreement is valid, binding and enforceable against the Parties in terms hereof;
 - (vi) that the Issuer has obtained all material consents, waivers, approvals, authorizations and applicable permissions required for issuing the Sukuk Issue including, but not limited to, compliance with all applicable regulations of the SECP, Stock Exchange and the SBP except for any consents, waivers, approvals, authorizations, applicable permissions required in respect of the Public Offering and except for any compliances required in respect of the Public Offering;
 - (vii) that the Issuer has paid all costs, charges, fees and expenses due in terms of the Agreement including but not limited to legal fee, investment agency fee and arrangement fee;
 - (viii) the Issuer has issued an undertaking that nothing herein contained or in the Transaction Documents conflicts with any of the provisions of the Memorandum and Articles of the Issuer;
 - (ix) the Issuer has taken all necessary steps and executed / procured the execution of all documentation pertaining to the Sukuk Issue or any other agreement between the Parties except as required and applicable in relation to the Public Offering;
 - (x) the Issuer has obtained a minimum credit rating of "A1+" (short term) and "AA" (long term) by PACRA for the Sukuk Issue;
 - (xi) the Issuer has obtained a long-term credit rating of "AA" (Long term) and a short-term credit rating of "A1+" (Short term) from PACRA;
 - (xii) the Issuer has issued an undertaking that there is no Event of Default & Termination as on the date thereof and that the Issuer is not in breach of any representation, warranty or covenant under this Agreement as on the date thereof;



- (xiii) that the Issuer has a clear eCIB Report (Electronic Credit Information Bureau report of the SBP), evidenced by a current eCIB Report procured by the relevant Investor from the SBP and which report is not more than 2 (two) months old;
 - (xiv) the Issuer is in compliance with the provisions of:
 - (a) all applicable laws, rules, regulations and guidelines with respect to the Sukuk Issue (except as required and applicable in relation to the Public Offering), including guidelines set out by the Shariah Advisors, including but not limited to Section 66 of the Companies Act, 2017, the SDS Regulations, the Public Offering Regulations, the Shariah Governance Regulations, the DSL Regulations, the Private Placement Rules and the Securities Act, 2015; and
 - (b) all other applicable laws, rules, regulations and guidelines;
 - (xv) the Issuer has provided copies of the following:
 - (a) SECP Certified Memorandum and Articles;
 - (b) SECP Certified Certificate of Incorporation;
 - (c) SECP Certified Form 29 / Form 9 (as applicable) and latest Form A;
 - (d) Company Secretary certified CNIC copies of all directors;
 - (e) Company Secretary certified list of authorized signatories along with their specimen signatures;
 - (f) Company Secretary certified list of directors; and
 - (g) Undertaking for Appropriate Utilization of Funds;
 - (xvi) a legal opinion has been issued by the Transaction Legal Counsel confirming, *inter alia*, the validity, enforceability and binding effect of the obligations of the Issuer under the Transaction Documents;
 - (xvii) the Issuer has provided to the Investment Agent the Shariah Advisors' certificate(s) / pronouncement(s) for the purposes of the Sukuk Issue; and
 - (xviii) certification of completion, compliance and fulfilment of all the legal formalities/ requirements including compliance with all applicable regulations, corporate actions/ consents required for the documentation of the Sukuk Issue by the Issuer except as required and applicable in relation to the Public Offering.
- 4.1.2 With respect to the Public Offering to the Retail Investors, it is hereby agreed between the Parties that the Issuer shall be entitled to request payment of the corresponding portion of the Issue Agent's Investment in terms of the Musharaka Agreement only if the Issuer has completed and fulfilled the legal formalities of the SECP and the Stock Exchange in respect of the Public Offering including having obtained the approval of the SECP for issuance and publication of the Prospectus.
- 4.1.3 Additionally, the Issuer shall only be entitled to request the Issue Agent's Investment in terms of the Musharaka Agreement if the Investment Agent has received such other ancillary documents as it reasonably requests in respect of the Sukuk Issue.

4.2 Investment Agents Discretion concerning Conditions Precedent



4.2.1 The Investment Agent shall, if so, instructed by all the Pre-IPO Investors, waive, or postpone the time for fulfilment of any Condition Precedent stated at Clause 4.1.1 above, with respect to the payment of the Pre-IPO Placement portion of the Issue Price (in full or in part) by the Pre-IPO Investors (through the Investment Agent) to the Issuer.

4.2.2 Where a waiver or postponement is allowed under this sub-clause, the Issuer shall comply with the terms on which the postponement is granted and the Issuer shall be in breach of the provisions of this Agreement if it fails to satisfy by the postponement date the Conditions Precedent (stated at Clause 4.1.1 above) to the payment of Issue Price (in full or in part) and the conditions on which postponement was granted.

5. REPRESENTATIONS AND WARRANTIES

5.1. Representations and Warranties

5.1.1. The Issuer hereby represents and warrants that:

- (i) It is a company limited by shares incorporated and existing under the laws of Pakistan and is not in liquidation (nor it is threatened with liquidation);
- (ii) it is duly authorized by its Memorandum and Articles to raise "finances" (as defined under the Financial Institutions (Recovery of Finances) Ordinance, 2001);
- (iii) all conditions and things required by applicable law to be fulfilled or done in order to enable it lawfully to enter into, and exercise its rights and perform its obligations under this Agreement and the Sukuk Certificates have been fulfilled or done;
- (iv) that no Potential Event of Default & Termination or any Event of Default & Termination has occurred as of the date of this Agreement;
- (v) its Balance Sheet and Profit and Loss Account as at June 30, 2023 have been prepared in accordance with the applicable law and generally accepted accounting principles as consistently applied in Pakistan and give a true and fair view of its financial condition as of that date and that there has been no change since that date having a Material Adverse Effect on it;
- (vi) to the knowledge of the Issuer, neither the execution of, nor exercise of its rights or performance of its obligations under this Agreement does or will:
 - (a) contravene any applicable law or any order, judgment or direction of any court or tribunal to which the Issuer or any of its properties and businesses are subject;
 - (b) contravene any contract, undertaking or instrument binding on the Issuer or any of its properties;
 - (c) contravene any provision of the Memorandum and Articles of the Issuer;
 - (d) require the Issuer to make any payment or delivery in respect of any Financial Indebtedness before the scheduled date of that payment or delivery; or
 - (e) cause any limitation on the power of the Issuer to incur Financial Indebtedness to be exceeded;
- (vii) save as otherwise disclosed, no litigation, arbitration or administrative proceedings to which the Issuer is a party are taking place, pending or, to the knowledge of the Issuer, threatened against the Issuer or any of its properties which have or are reasonably likely to



have a Material Adverse Effect on it and which in the reasonable opinion of the Issuer, likely to be adversely determined;

- (viii) it has disclosed to the Investment Agent in writing all existing liabilities and commitments and all other matters which could have a Material Adverse Effect on it;
- (ix) all information furnished by the Issuer to the Investment Agent is accurate and that it has not omitted or concealed any material facts which would render such information incorrect, misleading or inaccurate;
- (x) all governmental, regulatory, creditors and corporate consents, approvals, registrations and authorizations (to the extent required) for the purposes of the Sukuk Issue are in place except in relation to the Public Offering until time such approvals are in place;
- (xi) it has all licenses, consents, approvals, registrations and authorizations (to the extent required) necessary for carrying out its business and fulfilling its obligations under the Transaction Documents except in relation to the Public Offering until time such approvals are in place;
- (xii) it has a clear eCIB Report, evidenced by a current eCIB Report, which report is not more than 2 (two) months old at the time of the execution of this Agreement;
- (xiii) it has reviewed and acknowledged (in writing) the Shariah structure duly approved by the Shariah Advisors for the Sukuk Issue;
- (xiv) there is no reason to the knowledge of the Issuer whereby the application of the Issuer for listing of the Sukuk Certificates and/or the application of the Issuer for approval of the Prospectus may be rejected by the SECP or the Stock Exchange, as the case may be;
- (xv) this Agreement constitutes its valid and legal binding obligations, enforceable against it in accordance with its terms; and
- (xvi) it has obtained all necessary corporate and regulatory approvals for the purposes of the Sukuk Issue except in relation to the Public Offering until time such approvals are in place.

5.2. Indemnity for Breach of Representations and Warranties

- 5.2.1. The Issuer acknowledges that the Investment Agent has entered into this Agreement in reliance on the Representations and Warranties and agrees to hold harmless and indemnify the Investment Agent in the event of any loss, damage, proceedings, claims, penalties, expenses and liabilities whatsoever which may be taken or made against or imposed upon the Investment Agent on account of any of the Representations and Warranties found to be false or misleading in accordance with the terms of this Agreement.

6. COVENANTS

6.1. Positive Covenants

- 6.1.1. The Issuer undertakes and covenants that it shall:

- (i) ensure compliance with all applicable laws, rules and regulations including but not limited to the Public Offering Regulations and the Rule Book (as and when applicable), the SDS Regulations and the Shariah Governance Regulations in all material aspects, issued by all applicable authorities including but not limited to SBP and SECP, unless any waivers have been obtained by the Issuer from the applicable authorities for any such compliances.



It being clarified that the Issuer's obligation to comply with the Prudential Regulations, Prudential Regulations for NBFCs, the NBFC Rules and the NBFC Regulations, shall be in accordance with and subject to Clause 6.3 below;

- (ii) pay / adjust (as applicable) the Provisional Profit Payments on the relevant dates and pay the Redemption Amount on the Redemption Date;
- (iii) 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 ceased to be so registered;
- (iv) duly perform and observe the obligations in terms of this Agreement;
- (v) it shall use the Musharaka Investment only for the agreed purpose in a manner compliant with the principles of Islamic Shariah as interpreted by the Shariah Advisors and shall not use or divert the same for any other purpose except for the Purpose;
- (vi) as and when requested by the Investment Agent, provide to the Investment Agent without cost the Register of Certificate Holders and / or extracts therefrom as well as any other document or information pertaining to the Sukuk Certificates and the Certificate Holders. In addition, as and when required the Issuer shall send extracts of the Register of Certificate Holders to the Investment Agent on a monthly basis;
- (vii) provide the Investment Agent, on request, and in any event within 7 (seven) Business Days of request, with any information relating to its financial condition, business, assets and affairs as the Investment Agent may reasonably request;
- (viii) ensure that an external Shariah auditor is appointed to ensure the Shariah compliance of the Sukuk Issue in accordance with the requirements prescribed under the Shariah Governance Regulations;
- (ix) prior to the commencement of the Public Offering, place on its website (in downloadable form) the Shariah pronouncement(s) / certificate(s) issued by the Shariah Advisors for the Sukuk Issue and a specimen of the Musharaka Agreement, this Agreement and the Sukuk Subscription and Issue Agency Agreement containing the minimum terms and conditions thereof or alternatively, furnish a copy of the same to the Investors in physical or electronic form;
- (x) maintain the contract with its credit rating agency throughout the tenor of the Musharaka / Sukuk Issue;
- (xi) intimate in writing to the Investment Agent, of a change to its majority shareholding, except for the sale/transfer by KES Power Limited of all of its 66.4% shareholding in the Issuer to Shanghai Electric Power Company Limited, or one of its wholly owned subsidiaries as communicated earlier vide K-Electric Limited letter PR/N/11 dated October 31, 2016;
- (xii) keep proper records and books of account and in the Event of Default & Termination, permit the Investment Agent or its employees, agents or representatives to examine and take copies of all records and books of account and all other documents relating to its activities;
- (xiii) ensure that payment of all amounts by the Issuer to the Certificate Holders in respect of the Sukuk Certificates will be made free and clear of deductions of any nature whatsoever except for deductions, if any required compulsorily to be made by applicable law, for



which the Issuer will provide suitable evidence of having deposited the amount deducted with the relevant government authority, department, treasury;

- (xiv) that the Issuer shall submit to the Investment Agent and the Certificate Holders, the annual audited accounts of the Issuer within 120 (one hundred twenty) days of the financial year end of the Issuer and the half-yearly/ quarterly un-audited accounts/management accounts within 60 (sixty) days of the half-year end and the quarter-end respectively.

Provided that in respect of the Issuer's annual audited accounts for the financial year ended June 30, 2024 and the applicable quarterly account(s) for Financial Year 2025, the Issuer shall submit the same to the Investment Agent within 4 (four) months of the final notification of the complete and undisputed multi-year tariff (for generation, transmission, distribution and supply) from the National Electric Power Regulatory Authority (NEPRA);

- (xv) use the Issue Price solely and exclusively for the Purpose as specified in this Agreement and the Transaction Documents and for no other purpose whatsoever;
- (xvi) pay or keep paid up all undisputed fees, taxes, dues, rents, rates and charges of any governmental or municipal authority or other competent authority, as well as the Shariah audit and verification fee;
- (xvii) ordinary wear and tear excepted, maintain the buildings, sites, works, constructions, plants, equipment's, facilities of the Issuer in a good state of repair and in good working order and condition and take all precautions against such risks including fire, arson, riots, earthquakes, and acts of terrorism;
- (xviii) give the Investment Agent prompt notice of any litigation, arbitration or administrative proceedings to which it is a party which, if adversely determined, could have either separately or in aggregate a Material Adverse Effect on it;
- (xix) execute all documents and do all acts and things as are stated in this Agreement;
- (xx) make prompt payment of all amounts due under the Transaction Documents to the Investment Agent and the Certificate Holders;
- (xxi) conduct and manage its business and affairs with diligence and efficiency in accordance with sound financial and business practices as are prevailing in the similar industry in Pakistan and with the assistance of qualified personnel;
- (xxii) immediately inform the Investment Agent if, to the knowledge of the Issuer, there is any event having a Material Adverse Effect on it and to take all steps to rectify such Material Adverse Effect;
- (xxiii) as soon as practicable inform the Investment Agent of the occurrence of an Event of Default & Termination and/or Potential Event of Default & Termination;
- (xxiv) ensure to maintain Distribution Network Assets having worth of at least 33% (thirty three percent) of the Issue Agent's Investment. The Issuer shall be bound to intimate to the Investment Agent if the Distribution Network Assets at any period of time during the Sukuk Issue, reduces below 33% (thirty three percent) of the value of the Issue Agent's Investment, with such intimation to be provided by the Issuer at least 3 (three) Business Days from the date of such shortfall;



- (xxv) if required by the Shariah Advisors, arrange a visit to verify and confirm the Distribution Network Assets;
- (xxvi) obtain the final notification of the separate multi-year tariffs (for generation, transmission, distribution and supply) from the National Electric Power Regulatory Authority (NEPRA) and provide certified true copies of the same to the Investment Agent along with a confirmation that there has been no Material Adverse Effect from the existing determined tariffs;
- (xxvii) provide the necessary details required for the calculation of the Musharaka Profit / Musharaka Loss (as applicable) to the Investment Agent (as and when requested), including, but not limited to, details about units billed and business revenue from the Integrated Business Centres derived from the distribution of electricity as well as direct costs pertaining to the generation of electricity and use of system charges stemming from the transmission network;
- (xxviii) maintain its existence and right to carry on business and take all steps necessary to maintain and renew its lease / hire agreements, other contracts, rights, powers, privileges, concessions, licences and franchises (as applicable) which are necessary or materially useful for the conduct of its business and maintain its books of accounts and other records adequately to reflect truly and fairly its financial position and the results of its respective operations in conformity with generally accepted accounting principles consistently applied;
- (xxix) maintain its long term entity rating of "AA" (Double A) and short term entity rating of "A1+" (A One Plus) from PACRA; and
- (xxx) maintain the Sukuk Issue rating of "AA" (Double A) (long term) / "A1+" (A One Plus) (short term) issued by PACRA.

6.2. Negative Covenants

6.2.1. The Issuer shall not except with the prior written consent of the Investment Agent and such consent shall not be unreasonably withheld:

- (i) enter into any transaction with any other person, firm or company except on the basis of "arms-length" arrangements;
- (ii) sell, transfer, lease out or otherwise dispose of a substantial part of its undertaking or assets or undertake or permit any merger, consolidation, dismantling or re-organization of the Issuer or make any acquisition of any other company; except for the sale/transfer by KES Power Limited of all of its 66.4% shareholding in the Issuer to Shanghai Electric Power Company Limited, or one of its wholly owned subsidiaries as communicated earlier vide Issuer's letter PR/N/11 dated October 31, 2016;
- (iii) change its Memorandum or Articles (including the principal line of business) in a manner that materially and adversely effects its ability to perform its obligations under this Agreement or change the nature of its business as stated in its Memorandum;
- (iv) take any action which may have a Material Adverse Effect on it; or
- (v) declare any dividend if, to the knowledge of the Issuer, there is, or if the declaration and payment of such dividend will result in, a violation of any of the financial covenants required under the Prudential Regulations issued by SBP.

6.3. Prudential Regulations



- 6.3.1. The Issuer shall ensure compliance with the applicable Prudential Regulations, the Prudential Regulations for NBFCs, the NBFC Rules and the NBFC Regulations, Islamic Banking regulations issued by SBP or other regulations as are notified from time to time by the SBP and/or SECP, which are attributable to the Issuer, as are required to be complied with by the Issuer in terms of this Agreement (notwithstanding that the Prudential Regulations are directed to banks/development financial institutions and the Prudential Regulations for NBFCs, the NBFC Rules and the NBFC Regulations are directed to NBFCs) or obtain necessary waivers for fulfilment of the said regulations from SBP or any relevant authority. Furthermore, the Issuer shall ensure compliance with any amendments / modifications made to the aforementioned laws / rules / regulations subsequent to the date of execution of this Agreement, which are attributable to the Issuer and intimated by the Investment Agent to the Issuer after the Investment Agent having received prior notification from the relevant Investor of any such requirements, as are required to be complied with by the Issuer in terms of this Agreement (notwithstanding that the Prudential Regulations are directed to banks/development financial institutions and the Prudential Regulations for NBFCs, the NBFC Rules and the NBFC Regulations are directed to NBFCs) or obtain necessary waivers for fulfilment of the said regulations from SBP or any relevant authority.
- 6.3.2. The Issuer hereby undertakes to indemnify the Investment Agent against all proceedings, claims, penalties, expenses and liabilities whatsoever which may be taken or made against or imposed upon the Investment Agent by the SBP and/or the SECP or are otherwise incurred by the Investment Agent by reason of the Issuer's non-compliance with the undertaking set out in this Clause (except to the extent that the same are sustained or incurred as a result of gross negligence, wilful misconduct or fraud on the part of the Investment Agent).
- 6.3.3. The obligation of the Issuer in relation to any amendments / modifications made to the laws / rules / regulations mentioned under Clause 6.3.1 subsequent to the date of execution of this Agreement is subject to and conditional on the relevant Investor providing prior written notice to the Investment Agent and, thereafter, the prior written notice by the Investment Agent to the Issuer of the applicability of any new Prudential Regulations, Prudential Regulations for NBFCs, the NBFC Rules and the NBFC Regulations, or any other regulations, which may be applied in the future and the steps required to be taken by or on behalf of the Issuer to comply therewith.

6.4. Indemnity for Breach of Covenants

- 6.4.1. The Issuer undertakes and agrees to hold harmless and indemnify the Investment Agent in the event of any actual loss, damage, proceedings, claims, penalties, expenses and liabilities whatsoever which may be taken or made against or imposed upon the Investment Agent on account of any breach of the covenants by the Issuer unless the same are sustained or incurred as a result of gross negligence, wilful misconduct or fraud on the part of the Investment Agent.

7. TERMS OF THE AGENCY

7.1 Agency for the benefit of the Certificate Holders

- 7.1.1 The rights and benefits vested or to be vested in the Investment Agent by the Transaction Documents shall be performed and exercised in accordance with the provisions of this Agreement.
- 7.1.2 A Certificate Holder who ceases to be owed any Payment Obligations shall automatically cease to be a beneficiary under this Agreement.

7.2 Powers of the Investment Agent

- 7.2.1 The Investment Agent shall have all the powers and discretions conferred upon the Investment Agent in terms of the Transaction Documents and in addition thereto it is expressly declared as



follows:

- (i) the Investment Agent may in relation to any of the provisions of the Agreement and other documents related thereto pay for the advice or services of and act on the opinion or advice of or any information obtained (whether by the Investment Agent or any other person duly authorized by the Investment Agent) from any lawyer, accountant, banker, broker, surveyor, valuer or other professional advisor or other expert whose advice, services, opinion or information may to it seem necessary, expedient or desirable and shall not be responsible for any loss occasioned by so acting;
- (ii) the Investment Agent shall be at liberty to place the Transaction Documents and any other instrument, documents or deed delivered to it pursuant to or in connection with the Transaction Documents for the time being in its possession in any safe deposit, safe or receptacle selected by the Investment Agent or with any bank, any company whose business includes undertaking the safe custody of documents or any firm of lawyers and the Investment Agent shall not be responsible for any loss thereby incurred (save that the Investment Agent shall take reasonable steps to pursue any person who may be liable to it in connection with such loss);
- (iii) except for as otherwise expressly provided in this Agreement or directed to the contrary by the Certificate Holders in accordance with the terms of the Agreement the Investment Agent shall as regards all rights, powers, authorities and discretions vested in it by this Agreement have absolute and uncontrolled discretion as to the exercise or non-exercise thereof and as to the manner and time of any such exercise thereof and provided it shall have acted lawfully it shall be in no way responsible for any loss, costs, damages, expenses or inconveniences resulting from the exercise or non-exercise thereof except in case of negligence and/or willful misconduct and/or misuse of authority; and/or fraud of the Investment Agent;
- (iv) the Investment Agent (or any of its directors or officers) shall not be precluded by reason of its acting as Investment Agent hereunder from underwriting, guaranteeing the subscription of, subscribing for or otherwise acquiring, holding or dealing with any, sukuk certificates, term finance certificates, shares or securities whatsoever of the Issuer or any subsidiary thereof or any other company in which the Issuer may be interested or for entering into any contract of financial or other transaction with or from engaging in any other business with, any other agreement constituting or securing any securities issued by or relating to, the Issuer or any subsidiary thereof or any other company in which the Issuer or any such subsidiary may be interested provided the aforesaid transactions are otherwise permissible under the applicable laws. The Investment Agent shall not be liable to account for any profit made or payment received by it thereby or in connection therewith provided that the Investment Agent shall ensure that, as far as practicable, the personnel assigned to deal with normal administrative matters in relation to such other agency arrangements shall not be assigned to deal with any functions in relation to the agency arrangement of this Agreement and vice versa;
- (v) the Investment Agent may call for and rely as to any matters of fact which might reasonably be expected to be within the knowledge of the Issuer upon a certificate signed by an Authorized Representative of the Issuer, as sufficient evidence thereof and shall not be bound in any such case to call for further evidence or be responsible for any loss that may be occasioned by the Investment Agent failing to do so;
- (vi) the Investment Agent shall not be liable for acting in relation to the Agreement or any related documents on any notice, request, certificate, direction or other communication or other document purporting to emanate from the Issuer notwithstanding that the same shall include some error or omission or not be authentic save for any manifest error;



- (vii) the Investment Agent shall not be responsible for any recitals or statements, warranties or representations of any party (other than the Investment Agent) contained herein or for the execution, effectiveness, genuineness, validity, admissibility in evidence or enforceability of any such agreement or other document or any obligations or rights created or purported to be created thereby or any security constituted or purported to be constituted by (nor shall it be responsible or liable to any person because of any invalidity of any provision of such documents, whether arising from statute, law or decision of any court) provided the Investment Agent will act with diligence;
- (viii) except as herein otherwise expressly provided, be authorized to assume without inquiry, and it is hereby declared to be the intention that it shall assume without inquiry, in the absence of express written notice to the contrary, that the Issuer is duly performing and observing all the provisions contained in the Transaction Documents and that all covenants, warranties and undertakings contained in the Transaction Documents are being complied with and that no event or circumstances which might constitute an Event of Default & Termination has occurred or exists;
- (ix) the Investment Agent may assume that no event which entitles the Certificate Holders to exercise any of its rights under this Agreement has occurred and that the Issuer is not in breach of any of its obligations under the Agreement, unless it has received either a written notice to the contrary from the Issuer or a notice or information which the Investment Agent believes to be accurate regarding an occurrence of an Event of Default & Termination; and
- (x) on an occurrence of an Event of Default & Termination and enforcement, the Investment Agent shall be entitled to invest the Proceeds which in the opinion of the Investment Agent is not required to be paid over or cannot legally be paid over promptly following receipt in the name or under the control of the Investment Agent in any of the Shariah compliant investments for the time being authorized by law for the investment by the Investment Agent of monies or in any other Shariah compliant investments whether similar to the aforesaid or not or by placing the same on deposit in the name or under the control of the Investment Agent with such bank or financial institution as the Investment Agent may think fit for the benefit of the Certificate holders and the Investment Agent may at any time vary or transpose any such investments for or into any others of a like nature and shall not be responsible for any loss due to depreciation in value or otherwise of such investments. Any investment of the Proceeds by the Investment Agent would be subject to prior written approval by the Shariah Advisors.

7.3 Duties of the Investment Agent

7.3.1 The Investment Agent shall:

- (i) perform its rights and obligations as are specifically set out in this Agreement;
- (ii) regularly monitor the payment (including by way of adjustment to the extent applicable) of the Provisional Profit Payments on the relevant dates and payment of the Redemption Amount and ensure that the same is carried out by the Redemption Date;
- (iii) monitor delay or defaults in payment (including by way of adjustment to the extent applicable) of the Provisional Profit Payments and payment of the Redemption Amount to the Certificate Holders;
- (iv) comply with the applicable laws;
- (v) regularly monitor the compliance of the covenants hereunder by the Issuer.



- (vi) submit any document or information as and when requested by the SECP and/or the Stock Exchange;
- (vii) inform the Certificate Holders of any actual or potential breach of its or the Issuer's obligations under this Agreement and/or under the Transaction Documents, along with remedial steps to be taken with respect to the same (to the extent applicable);
- (viii) keep available for inspection by the Certificate Holders at its specified office during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) copies of the following documents:
 - (a) the Memorandum and Articles of the Issuer;
 - (b) the most recent audited financial statements of the Issuer; and
 - (c) the Transaction Documents;
- (ix) inform the Certificate Holders of any notice in writing received by it or any information received by it which it believes to be accurate of:
 - (a) any general meeting of the Issuer convened for the purpose of considering any resolution of the winding-up of the Issuer;
 - (b) any such resolution being proposed (whether in general meeting or otherwise); or
 - (c) any petition for the winding-up of the Issuer or for the appointment of an administrator of the Issuer or a receiver in respect of the Recovery Proceeds of the Issuer and any breach or alleged breach by the Issuer of any its obligations under the Agreement and/or under the Transaction Documents; and
- (x) ensure that the execution of the Transaction Documents, together with their annexes, and issuance of the Sukuk Certificates is as per the shariah structure duly approved by the Shariah Advisors. In case of any further clarity is required by the Investment Agent with respect to the approved shariah structure, the Investment Agent shall obtain such clarity from the Shariah Advisors as and when required.

7.3.2 The Issuer and the Certificate Holders- / Issue Agent will, on request from the Investment Agent and to the extent reasonably practicable, promptly give to the Investment Agent a written certificate in such form as the Investment Agent may reasonably require setting out all information available to it to facilitate the performance by the Investment Agent of its rights, powers, authorities, discretions, duties and obligations under this Agreement.

7.3.3 Notwithstanding any other provision of this Agreement or the Transaction Documents, the Investment Agent shall not be obliged to provide any indemnity to, or in favour of, any Receiver.

7.4 Investment Agent to act in accordance with the Instructions of the Certificate Holders/ Issue Agent

7.4.1 The Investment Agent shall:

- (i) act as investment agent in accordance with the instructions given to it by the Certificate Holders/ Issue Agent; and
- (ii) refrain from exercising any right, power or discretion vested in it as investment agent under this Agreement if so, instructed by the Certificate Holders/ Issue Agent.



The instructions of the Certificate Holders for purposes of this Agreement, unless specifically required to be as otherwise, shall be deemed to be given if given in writing by the Majority Certificate Holders or supported by an Extraordinary Resolution.

7.4.2 The Investment Agent shall be entitled to refrain from exercising any right, power or discretion vested in it unless and until instructed by the Certificate Holders/ Issue Agent as to whether or not such right, power or discretion is to be exercised and the manner in which such right, power or discretion is to be exercised.

7.4.3 The Investment Agent shall be entitled to refrain from acting in accordance with any instructions or requests of the Certificate Holders/ Issue Agent or of any other person until such time as it has received such security and/or indemnity as it may require from the Certificate Holders/ Issue Agent (whether by way of payment in advance or otherwise) against all costs, claims, expenses (including legal fees) and liabilities which it will or may properly expend or incur in complying with such instructions or requests.

7.5 Remuneration of Investment Agent

7.5.1 The Issuer shall pay to the Investment Agent in respect of its acting as Investment Agent under this Agreement, a fee of PKR 1,500,000 /- (Pak Rupees One Million Five Hundred Thousand) per year, payable within 7 (Seven) days of written demand after the Issue Date.

7.6 Liability of Investment Agent

7.6.1 Nothing in this Agreement shall, in any case in which the Investment Agent has failed to show the degree of care and diligence required of it as the investment agent having regard to the provisions of the Agreement imposing or conferring on the Investment Agent any obligations, powers, authorities or discretions, relieve the Investment Agent from any liability which by virtue of any rules of law would otherwise attach to it in respect of any negligence, default, breach of duty of which it may be guilty in relation to its duties under this Agreement.

7.7 Taxes and Expenses

7.7.1 The Issuer shall pay all the taxes, levies, costs and expenses of any acts done for the issuance of the Sukuk Certificates, including but not limited to the registration charges and stamp duties incurred in the negotiation, preparation, execution of the Agreement, the Sukuk Certificates, and shall pay all the expenses and costs of any acts required by law to be done in relation to the Sukuk Certificates. Furthermore, the Issuer shall pay all the expenses and costs of any acts done in relation to the Sukuk Certificates and the listing of the Sukuk Certificates on the Stock Exchange including but not limited to the Transaction Legal Counsel's fees, listing fees and other fees or charges of any incidental acts done in this regard.

7.8 Structuring of Debt Securities Regulations, 2020

7.8.1 The Issuer and the Investment Agent agree, that to the extent required, applicable and possible, they shall comply with the terms and conditions of the SDS Regulations as if the same directly applied to the Sukuk Issue. The Issuer confirms that it shall accordingly provide the Investment Agent with all necessary information from time to time to ensure that the Investment Agent is able to comply with its obligations under the SDS Regulations to the extent applicable, and Schedule-II of the SDS Regulations shall be deemed to be incorporated in this Agreement by reference. To the extent of any conflict between the terms of this Agreement and the SDS Regulations, the SDS Regulations will prevail.

7.9 Indemnification of the Investment Agent



7.9.1 The Issuer shall indemnify the Investment Agent and keep it indemnified against all liabilities, actions, proceedings, costs, claims and demands (including as aforesaid) in respect of any matter or thing done or omitted in any way relating to this Agreement except to the extent that they are sustained or incurred as a result of the negligence, willful misconduct or fraud of the Investment Agent.

7.10 Removal and Retirement of the Investment Agent

7.10.1 The Investment Agent may resign at any time by providing at least 30 (thirty) days prior written notice to the Issuer and the Certificate Holders.

7.10.2 The Issuer may remove the Investment Agent at any time by providing the Investment Agent and the Certificate Holders/ Issue Agent 60 (sixty) days prior written notice in the following events:

- (i) if the SBP or the SECP requires such removal;
- (ii) if the Issuer is required by any provision of law to appoint an investment agent other than the Investment Agent;
- (iii) if the Investment Agent becomes insolvent or passes a resolution for voluntary winding up or becomes the subject of winding up proceedings before a Court of Competent Jurisdiction;
- (iv) if the Investment Agent has committed a breach of the terms of the Transaction Documents and such breach remains unrectified after 30 (thirty) days of written notice to this effect from the Certificate Holders representing at least 10% (ten percent) of the outstanding face value of the Sukuk Certificates;
- (v) if the Majority Certificate Holders require the Investment Agent to be removed by notice in writing to the Issuer and the Investment Agent or an Extraordinary Resolution to this effect is passed by the Certificate Holders.

7.10.3 It is agreed that any retirement / resignation or removal of the Investment Agent shall not take effect until the Issuer has appointed a replacement Investment Agent from amongst a banking company or financial institution duly qualified and licensed to act as such investment agent under applicable law (which appointment shall for all purpose be deemed as an appointment by and / or on behalf of all the Certificate Holders) and such replacement Investment Agent shall have become bound by the provisions of this Agreement whereupon the Investment Agent being removed or retiring as the case may be shall thereby forthwith be discharged from any further obligations under this Agreement (but without prejudice to any accrued liabilities and benefits under this Agreement). Upon the replacement Investment Agent agreeing in writing that it shall assume the duties and obligations assumed by the Investment Agent in this Agreement it shall have all the rights, powers, authorities, discretions, duties and obligations of the Investment Agent under this Agreement. The retiring Investment Agent shall, at the request of the Issuer execute all such instruments as are reasonably required to vest the benefit of the Designated Business in the replacement Investment Agent. Notwithstanding the removal or retirement of the Investment Agent, the Issuer shall indemnify and keep the Investment Agent indemnified against any claims, costs, losses or consequences arising out of any act or thing done by the Investment Agent in good faith in pursuance of this Agreement.

7.11 Obligation to act with due care

7.11.1 Both the Issuer and the Investment Agent agree to act in good faith and with due diligence and with all reasonable care which is in the circumstances required in the performance of its duties and obligation under this Agreement or when exercising any power, authority or discretion which



is vested in it under the Agreement.

7.12 Meetings of the Certificate Holders

- 7.12.1 The manner in which meetings of Certificate Holders will be held and the procedures applicable in respect of such meetings are specified in Schedule 4 of this Agreement.

7.13 Private Placement Rules

- 7.13.1 The Issuer and the Investment Agent confirm that the Pre-IPO Placement of the Sukuk Issue shall be subject to the terms and conditions contained in the Private Placement Rules. The Issuer confirms that it will ensure compliance with and provide the SECP with all the necessary information from time to time to ensure compliance with its obligations under the Private Placement Rules (till such time the same is applicable) and all applicable provisions of the Private Placement Rules shall be deemed to be incorporated in this Agreement by reference (till such time the same is applicable).

7.14 Shariah Governance Regulations

- 7.14.1 The Issuer and the Investment Agent confirm that the Sukuk Issue shall be subject to the terms and conditions contained in the Shariah Governance Regulations. The Issuer confirms that it will ensure compliance with and provide all the necessary information from time to time to the Investment Agent for the purposes of compliance with the Shariah Governance Regulations and all applicable provisions of the Shariah Governance Regulations shall be deemed to be incorporated in this Agreement by reference.

7.15 Listing of the Sukuk Issue

- 7.15.1 The Issuer agrees and confirms that it shall procure the listing of the Sukuk Certificates in accordance with the Securities Act, 2015, the Public Offering Regulations and the DSL Regulations, along with any other applicable laws (subject to any waivers / relaxations expressly permitted by the SECP and / or the Stock Exchange), pertaining to the listing of debt securities on the Stock Exchange.

8. EVENT OF DEFAULT & TERMINATION

8.1 Events of Default & Termination

- 8.1.1. Each of the following events shall constitute an Event of Default & Termination after expiry of the relevant cure period provided in this Clause 8.1.1 (where applicable):

- (i) failure by the Issuer in paying on the due date for payment, the Provisional Profit Payments or the Redemption Amount;
- (ii) other than those payments specified in sub-clause (i) of Clause 8.1.1 hereinabove, default of the Issuer in paying on the due date for payment, or within any period stipulated herein or within any period stipulated in the demand of the Investment Agent of any sum payable under this Agreement/ Transaction Documents and such default continues for more than 10 (ten) Business Days after such demand of the Investment Agent;
- (iii) the Issuer does not comply with its undertakings, representations, warranties or covenants or any other provision of this Agreement/ Transaction Documents and such non-compliance continues for 10 (ten) Business Days after the receipt by the Issuer of a written notice from the Investment Agent, notifying the Issuer of its non-compliance with the provisions of this Agreement;



- (iv) a representation, warranty or statement made or repeated in or in connection with this Agreement or in any document delivered by or on behalf of the Issuer, is or proves to have been incorrect or misleading in any material respect or any statement, representation or warranty made or repeated by the Issuer in any notice, certificate or statement referred to or delivered under this Agreement, is or proves to have been incorrect or misleading in any respect, provided such defect is not rectified within 10 (ten) Business Days after the written notice is received by the Issuer from the Investment Agent;
- (v) liquidation, bankruptcy, cessation of business activities or cessation of the payment of debts of the Issuer, or any other legal or factual situation, including judicial or amicable settlement of debts, which may have a Material Adverse Effect in the reasonable opinion of the Investment Agent;
- (vi) any delinquent payment(s) of any amounts that become due by the Issuer towards various parties and the Issuer's failure to comply with its covenants under the instruments to which it is party which in the reasonable opinion of the Investment Agent have an impact on its ability to perform or comply with the various terms and conditions contemplated in this Agreement;
- (vii) attachment or assignment or transfer of delivery to or takeover of any properties or assets of the Issuer by any receiver, encumbrancer, assignee, or any other person or body whether appointed by the Issuer or a Court or the government under any law or regulation;
- (viii) making of any order or passing of a resolution for the winding up of the Issuer;
- (ix) except as stipulated under this Agreement, the Issuer consolidates, merges, amalgamates or undertakes or permits any merger, amalgamation, consolidation, dismantling or re organisation of the Issuer or makes any acquisition of any other company without the prior consent of the Investment Agent;
- (x) one or more judgments, decrees or orders for the payment of money rendered against the Issuer which is likely to have a Material Adverse Effect on it in the reasonable opinion of the Investment Agent, and such judgments, decrees or order shall continue unsatisfied and in effect for a period of 10 (ten) consecutive days without being vacated, discharged, satisfied or stayed;
- (xi) the taking of any step by the Issuer for the purpose of entering into a compromise or arrangement with any of its members / shareholders, or creditors, generally or any class of them whereby the interests of the Investment Agent / Certificate Holders are affected in any material manner;
- (xii) the occurrence of any event whatsoever which is likely to have a Material Adverse Effect on the Issuer in the reasonable opinion of the Investment Agent;
- (xiii) termination, suspension, repudiation or revocation of this Agreement or any of the Transaction Documents;
- (xiv) cross default by the Issuer in respect of any other Financial Indebtedness;
- (xv) if the Issuer claims that all or any material provision of this Agreement and/or the Transaction Documents:
 - (a) do not have effect or cease to have effect in accordance with its terms; or
 - (b) are or become void, voidable, illegal or unenforceable;



- (xvi) if all or any material part of the properties of the Issuer is compulsorily acquired or expropriated by the federal government or any provincial governments;
- (xvii) any litigation proceedings being commenced against the Issuer which may have a Material Adverse Effect in the reasonable opinion of the Investment Agent, which has not been vacated, discharged, satisfied or stayed within a period of 15 (fifteen) days;
- (xviii) any change in shareholding of the Issuer that has a Material Adverse Effect;
- (xix) if subsequent to the listing of the Sukuk Certificates in terms of Clause 7.15 above, the Stock Exchange suspends the trading of the Sukuk Certificates pursuant to the DSL Regulations and / or any other applicable laws and regulations and the same is not reversed within a period of 7 (seven) days;
- (xx) failure to procure listing of the Sukuk Certificates in terms of Clause 7.15 above; and/or
- (xxi) if subsequent to the listing of the Sukuk Certificates in terms of Clause 7.15 above, 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.

8.2. Nature of Events of Default

- 8.2.1. Each Event of Default & Termination is several and independent from other Events of Default and one Event of Default & Termination shall not be limited by reference to another Event of Default & Termination.

8.3. Declaration of Event of Default & Termination

- 8.3.1. 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) 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 case the Event of Default & Termination remains un-rectified within the stipulated period, upon lapse of the stipulated period; 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 Transaction Documents (the "Declaration of Event of Default & Termination").

8.4. Enforcement

- 8.4.1 At any time after a Declaration of Event of Default & Termination, the Investment Agent shall (subject to the Investment Agent being indemnified by the Certificate Holders or at its option paid by them an estimated amount in advance to its satisfaction against all proceedings, claims and demands to which the Investment Agent may be liable and all costs, charges and expenses which may be incurred by the Investment Agent in connection therewith), 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 Transaction Documents.
- 8.4.2 The Investment Agent shall be entitled to prove in any winding-up of the Issuer in respect of any amounts payable in relation to the Sukuk Certificates or other monies payable under any provision of this Agreement and the Transaction Documents.



- 8.4.3 At any time after a Declaration of Event of Default & Termination, the Investment Agent may with the institution of legal proceedings against the Issuer take appropriate action for the appointment of Receiver with respect to administration of the Recovery Proceeds. The Investment Agent, in consultation with the Issuer, may from time to time determine the remuneration of the Receiver and may remove the Receiver and appoint another in his place. In the event of a dispute between the Investment Agent and the Issuer regarding the remuneration of the Receiver, the decision of the Investment Agent shall be final.
- 8.4.4 The Receiver shall be the Issuer's agent and the Issuer alone shall be responsible for his acts and omissions and for his remuneration. However, it is clarified that the Receiver shall report to and be accountable to the Investment Agent and shall exercise all powers in consultation and with the consent of the Investment Agent without violating any provision of Law.
- 8.4.5 Without limiting any general powers or the Investment Agent's power of sale, the Receiver shall have power to:
- (i) take possession of, collect and get in all or any part of the Recovery Proceeds and for that purpose to take any proceedings in the Issuer's name or otherwise as it deems fit;
 - (ii) take, continue or defend any proceedings and make any arrangement or compromise as the Receiver deems fit;
 - (iii) make and effect all repairs, improvements and insurances;
 - (iv) appoint managers, and agents for any of the above purposes;
 - (v) perform, repudiate, rescind, vary or enter into any arrangement or compromise any contracts or agreements which it considers expedient;
 - (vi) settle, arrange, compromise and submit to arbitration any accounts, claims, questions of disputes whatsoever which may arise in connection with the business of the Issuer or the Recovery Proceeds and bring prosecute, defend, enforce, compromise, submit to and discontinue any action, suits or proceedings whatsoever, whether civil or criminal;
 - (vii) exercise or permit the Issuer or any nominee of the Issuer to exercise any powers or rights incidental to the partnership of the Recovery Proceeds or any part of them in such manner as it deems fit;
 - (viii) give valid receipts for all monies and execute all discharges, assurances and things which may be proper or desirable for realizing the Recovery Proceeds or any part of them; and
 - (ix) execute and do all such other acts, things and deeds as it considers necessary or desirable for realizing or preserving the Recovery Proceeds or any part of the same or incidental or conducive to any of the matters, powers or authorities conferred on a Receiver under or by virtue of the Agreement or otherwise or exercise in relation to the Recovery Proceeds or any part of them all such powers, authorities and things as the Receiver would be capable of exercising if he were the absolute owner of them.

8.5 Application of Proceeds

- 8.5.1 Upon enforcement, the Investment Agent shall apply the Proceeds and all monies derived there from:
- (i) firstly, in payment of all costs, charges, expenses and liabilities lawfully incurred and payments lawfully made by the Investment Agent and any Receiver, attorney, agent,



delegate, sub-delegate or other person appointed by the Investment Agent in the execution or purported execution of any powers, authorities or discretions vested in it or him pursuant to this Agreement including (without limitation upon the foregoing) the remuneration of the Investment Agent under this Agreement or such other person;

- (ii) secondly, in or towards payment of the Payment Obligations to the Certificate Holders on a pari passu basis in proportion to the amounts owed to the respective Certificate Holders pursuant to the Sukuk Certificates;
- (iii) thirdly, towards the payment of any charity payable on behalf of the Issuer;
- (iv) lastly, the surplus (if any) after the payment of all Payment Obligations in full shall be paid to or to the order of the Issuer or other person for the time being entitled thereto, subject to such person providing evidence as may be reasonably required by the Investment Agent in support of the claim.

8.5.2 Payment to the Certificate Holders shall be made by the Investment Agent net of any deductions required under the law by direct bank transfer or cheque or pay order made payable to the Certificate Holder. If the full amount of the Payment Obligations is not paid, the Sukuk Certificate(s) for which the full amount has not been paid shall be produced to the Investment Agent, who shall endorse the amount paid and the date of payment to the Certificate Holder.

9. PERMISSIONS AND AUTHORIZATIONS

9.1 Permissions and Authorizations

9.1.1 The Sukuk Issue, the Public Offering and the publication of the Prospectus shall be subject to the approval of the SECP and the Stock Exchange. The Issuer shall make an application for listing of the Sukuk Certificates to the Stock Exchange and shall comply with all the requisite conditions for processing of the said application.

10. MISCELLANEOUS

10.1 Partial Invalidity

10.1.1 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect then the legality, validity or enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

10.2 Modification

10.2.1 The Investment Agent may from time to time and at any time, at the request of the Issuer or with the prior written consent of the Issuer, (but without requirement of any consent or sanction of the Certificate Holders), make any modifications to the Agreement if in the reasonable opinion of the Investment Agent such modification is of a formal, minor nature or made to correct a manifest error. Any such modification would be binding on Certificate Holders.

10.3 Number of Originals

10.3.1 This Agreement has been drawn up and executed in 2 (two) original copies, of which 1 (one) copy each have been retained by the Investment Agent and the Issuer.

11. NOTICE

11.1 Method of Serving Notice



11.1.1 A notice, consent, approval or other communication (each a "Notice") under this Agreement shall be in writing, signed by or on behalf of the person giving it, addressed to the person to whom it is to be given and:

- (i) delivered by messenger or courier;
- (ii) sent by registered mail;
- (iii) transmitted by electronic mail,

to that party at the following address and email:

Issuer

Address: KE Head Office - Main Building, 39-B, Sunset Boulevard, DHA II, Karachi

Attention: Danyaal Jamal
Head of Treasury and Corporate Finance

E-mail: danyaal.jamal@ke.com.pk

Investment Agent

Address: 24th Floor - HBL Tower, Plot # G4, Block 7 Clifton, Karachi

Attention: Burhan Nasir
Head Advisory, M&A, and Capital Markets

Email: burhan.nasir@hbl.com

or where the recipient notifies the sender of another address or email, the last address or email so notified to it.

11.2 Time of Receipt

11.2.1 A Notice given to a person in accordance with this Clause is treated as having been given and received:

- (i) if delivered, on the day of delivery if delivered before 3:00 PM on a Business Day, otherwise on the next Business Day;
- (ii) if sent by registered mail on the third day after the letter containing the Notice, duly stamped, is posted;
- (iii) if transmitted by electronic mail, on the dispatch of the same, if before 3:00 PM (and if not, then on the next Business Day of the addressee), provided that no error has been received by the sender.

12. GOVERNING LAW AND JURISDICTION

12.1 Governing Law

12.1.1 This Agreement shall be governed by and construed in accordance with the laws of the Islamic Republic of Pakistan.

12.2 Jurisdiction



- 12.2.1 Each of the parties hereto irrevocably agrees for the benefit of the Investment Agent that the appropriate courts in Karachi shall have non-exclusive jurisdiction to hear and determine any suit, action, or proceedings, and to settle any disputes, which may arise out of or in connection with this Agreement and, for such purposes irrevocably submits to the jurisdiction of such courts.
- 12.2.2 The submission to such jurisdiction shall not and shall not be construed so as to limit the right of the Investment Agent, the Certificate Holders or any of them to take proceedings against the Issuer in any other court of competent jurisdiction nor shall the taking of proceedings in any other jurisdiction, whether concurrently or not preclude any proceedings in the jurisdiction of courts referred to above.



IN WITNESS WHEREOF this Agreement has been executed by the Parties hereto and is intended to be and is hereby delivered on the date first above written.

In presence of the following Witnesses:

For and on behalf of
K-ELECTRIC LIMITED
(As the Issuer)

Name: _____

Designation: _____

CNIC No.: _____

1 Signature: _____

Name: _____

CNIC No.: _____

2 Signature: _____

Name: _____

CNIC No.: _____

For and on behalf of
HABIB BANK LIMITED
(As the Investment Agent)

Name: _____

Designation: _____

CNIC No.: _____

Muhammad Talha Alam
Team Leader P.A # 25933
Corporate Commercial & Investment Banking Group
Habib Bank Limited
1st Floor, HBL Tower, Karachi

In presence of the following Witnesses:

1 Signature: _____

Name: _____

CNIC No.: _____

2 Signature: _____

Name: _____

CNIC No.: _____



SCHEDULE 1

TERMS AND CONDITIONS

FOR THE SUKUK CERTIFICATES

1. Any capitalized terms used herein which are not otherwise defined shall have the same meaning as provided in the Agreement or other Transaction Documents (if not defined in the Agreement).
2. Each Sukuk Certificate represents the ownership of the Certificate Holders in the Designated Business.
3. Each Sukuk Certificate is one of the Sukuk Certificates issued by the Issuer as part of an issue of redeemable capital 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). The Sukuk Certificates shall all rank pari passu without any preference or priority inter se. The Certificate Holder shall disburse their respective investment amounts through the Investment Agent in terms of the Sukuk Subscription and Issue Agency Agreement / Application Form (as applicable) and the Musharaka Agreement.
4. The Issuer shall keep at its offices in Karachi a Register of Certificate Holders showing separately in respect of Sukuk Certificates:
 - (i) the name and address of the past and present Certificate Holders;
 - (ii) the amount and serial number of the Sukuk Certificates held by Certificate Holders;
 - (iii) the dates on which the names of the various Certificate Holders have been entered in respect of the Sukuk Certificates in question.

Each Certificate Holder will be obliged to provide its contact details to the Issuer on or prior to the Issue Date and to give notice of any change in the same to the Issuer in writing during the tenor of the Sukuk Issue.

5. The Issuer shall recognize the Certificate Holder as the absolute owner thereof and shall not be bound to take notice or see to the execution of any other document whether express, implied or constructive to which any Sukuk Certificates may be subject, and the receipt by the Certificate Holder from the Issuer of any monies payable in respect thereof shall be a good discharge to the Issuer notwithstanding any claim it may have received whether express or otherwise of the right, title, interest or claim of any other person to or in such monies.
6. A Certificate Holder may apply in writing to the Issuer to consolidate or sub – divide or split the Sukuk Certificates held by such Certificate Holder. The Issuer may in its discretion consolidate the Sukuk Certificates in multiples of up to PKR 10,000/- (Pak Rupees Ten Thousand) each or such other amount as may be mutually agreed to between the Investor and Issuer.
7. Any notice may be given by the Issuer by sending the same by registered post or courier service in an envelope addressed to the Certificate Holder at the address appearing in the Register of the Certificate Holders.
8. Any notice given by registered post or email shall be deemed to have been served at the time when it would have been received by the Certificate Holder in the ordinary course of post, and in proving such service it shall be sufficient to prove that the envelope containing the notice was properly addressed, registered and put into post and if transmitted by email then at the time of dispatched (provided the sender has not received an error). In the case of joint Certificate Holders, a notice given to the Certificate Holder whose name stands first in the Register of Certificate



Holder in respect of such Sukuk Certificates shall be deemed as proper notice to all joint Certificate Holders.

9. The Sukuk Certificates shall be governed by and subject to the terms and conditions of the Agreement and other Transaction Documents, which are available for inspection during business hours at the registered offices of the Issuer and the Investment Agent and shall be deemed to have been read and understood by the Certificate Holder.
10. Every Certificate Holder shall be entitled to transfer the Sukuk Certificates held by it as per Paragraph 17 of these Terms and Conditions. Each Certificate Holder who acquires the Sukuk Certificates by virtue of a transfer, shall by virtue of the transfer itself, be deemed to have acknowledged and agreed to the appointment of the Investment Agent, as its agent, for the purposes contemplated under the Agreement and the Transaction Documents.
11. To the extent applicable, the applicable stamp duty payable on every transfer shall be paid and signed both by the transferor and by the transferee, and the Issuer and the Investment Agent may for all purposes treat the transferor as the owner of the Sukuk Certificates to be transferred until the name of the transferee is entered in the Register of Certificate Holders.
12. No transfer will be registered during the 3 (three) days / 4 (four) days (as may be applicable in relation to the upcoming Provisional Profit Payment date / Redemption Date, and as communicated by the Issuer) immediately preceding the Provisional Profit Payment dates (as per Schedule 3 hereto) and/or the Redemption Date of a Sukuk Certificate. 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.
13. The executors or other personal representatives of a deceased Certificate Holder (not being one or several joint holders) and, in the case of the death of one or more of several joint holders, the survivor or survivors of such joint holders shall be the only persons recognized by the Issuer as having any title to such Sukuk Certificate(s).
14. Any person becoming entitled to any Sukuk Certificates in consequence of the death or bankruptcy of any Certificate Holder shall be required to establish his claim to the Sukuk Certificates in accordance with law to the satisfaction of the Issuer whereupon the Sukuk Certificates shall be transferred/transmitted and registered in his name.
- 15.1 Subject to the terms of the Musharaka Agreement, the Issuer shall pay on each Provisional Profit Payment date (as per Schedule 3 hereto) to the Certificate Holders, *pro rata*, the following Provisional Profit Payment:

$P \times R \times (D/365)$ (366 in case of a leap year)

Where:

P: is the outstanding balance of the Issue Agent's Investment utilized for Musharaka at the end of such day;

R: Base Rate + Margin

D: Number of days

The Profit Sharing Mechanism between the Issuer and the Issue Agent (on behalf of the Investors) shall be as follows:



Tier 1 Profit:

Musharaka Profit up till the Tier 1 Profit Ceiling Amount shall be shared by the Issuer with the Issue Agent (on behalf of the Investors) on a pro rata basis based on the actual Musharaka Contribution by the Issue Agent (on behalf of the Investors) and the Issuer in the Musharaka Investment till such date.

"Tier 1 Profit Ceiling Amount" for the purposes hereof, calculated keeping in mind the following:

Musharaka Investment * Expected Profit Rate (i.e. Base Rate + Margin) * (Number of Days of Musharaka / 365 or 366 in case of a leap year)

Where:

Base Rate: The Base Rate (3 months KIBOR) will be set 1 (one) Business Day prior to the Issue Date ("Base Rate Setting Date") by way of issuance of a notice in the format as detailed in Schedule 1-A of the Musharaka Agreement.

The Base Rate will be subject to revision, 1 (one) Business Day prior to the commencement of each subsequent quarterly period, with effect from the date of commencement of each subsequent quarterly period (each such date being a "Base Rate Revision Date") by way of issuance of a notice in the format attached as Schedule 1-B of the Musharaka Agreement. 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.

The "KIBOR" rates used for reference will be taken from Reuters page "KIBR", as published at 11.30 a.m. Pakistan Standard Time by the Financial Markets Association (FMA). The daily average of the 3 (three) months Offer Rate will be used. In the event that this rate is not published on Reuters on the Base Rate Setting Date / Base Rate Revision Date (as applicable) or if less than 8 (eight) banks provide their rates for the KIBOR fixing, the FMA or other relevant market body will be contacted for the relevant fixing rate.

The Expected Profit Rate shall be subject to a floor of 2% (two percent) per annum and a cap of 25% (twenty five percent) per annum.

Alternate Basis

- i) If at any time during the tenor of the Sukuk Issue, the Base Rate:
 - (a) is discontinued; or
 - (b) ceases to be realistic benchmark for pricing a facility of this nature;

The Investment Agent shall serve a notice upon the Issuer ("Notice") notifying it of (a) and/or (b) above and suggesting an alternate base rate;

- ii) Upon receipt of any Notice by the Issuer in terms of (i) above, the Investment Agent and the Issuer shall enter into negotiations for a period of not more than 30 (thirty) days with a view to agreeing on an alternate base rate. During such time, the rate of KIBOR prevailing during the previous Base Rate Revision Date shall be applicable;



- iii) If the Investment Agent and the Issuer cannot agree on an alternate base rate within the time specified in paragraph (ii) above, the same shall be treated as an Event of Default and Termination; and
- iv) In the event an agreement is reached between the Parties, the Issuer shall enter into a new agreement, as supplemental to or in substitution for this Agreement, if so, required by the Investment Agent.

KIBOR: The daily average of Karachi Interbank Offered Rate (Ask Side) for the relevant period as published on Reuters page KIBR or as published by the Financial Markets Association of Pakistan in case the Reuters page is unavailable;

Margin: 20 bps (0.20%) per annum

Payment Period: Monthly

Tier 2 Profit:

Musharaka Profit in excess of Tier 1 Profit Ceiling Amount shall be shared between the Issuer and Issue Agent in the following ratio:

- (i) Issue Agent: 0.00001%
- (ii) Issuer: 99.99999%

At the time of distribution of profit under Tier 2, the ratio of the Tier 2 Profit between the Issue Agent and Issuer may be revised subject to mutual written consent of the Issuer and the Issue Agent.

Furthermore, as authorized by the Investors under the Sukuk Subscription and Issue Agency Agreement(s) and the Prospectus / Application Form (as applicable), 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 above), by making charity payments to charitable institution(s), as approved by the Shariah Advisors.

- 15.2 The Issuer irrevocably undertakes to redeem the Sukuk Certificates from the Certificate Holders from time to time by making payment of the Redemption Amount(s) on the Redemption Date set out below through purchase of the Issue Agent's Investment. Such redemption will be pro-rata from the Certificate Holders based on the total number of Sukuk Certificates held by such Certificate Holders.

Redemption Date	Redemption Amount
12 months from the Issue Date	*PKR 3,000,000,000/-

****Note:** In the event that the final Sukuk Issue amount as on the Issue Date is lower than the amount stated above, the Redemption Amount payable by the Issuer shall be the Redemption Amount notified by the Investment Agent to the Issuer and the Certificate Holders on the Issue Date.*

16. The Redemption Amount in respect of the Sukuk Certificates shall be paid through the Investment Agent by direct bank transfer to the designated account of the Certificate Holder as per the CDC's records/register ("**Customary Method**"). Subject to adjustment of final profit/loss, such payment shall be in full and final settlement of the redeemable amount due to the Certificate Holder. If such payment is not received by the Certificate Holder within 7 (seven) days of the relevant payment date, the Certificate Holder is required to inform the Issuer in writing and produce the original Sukuk Certificate /evidence of ownership in order to claim such payment.



The Provisional Profit Payments in respect of the Sukuk Certificates shall be paid / adjusted (as applicable) through either of the following methods:

- (i) through the Customary Method; or
- (ii) through adjustment in the electricity bills issued by the Issuer against the Certificate Holder's K-Electric account number / a K-Electric account number notified by the Certificate Holder, pursuant to which the Provisional Profit Payment payable to the Certificate Holder on a given Provisional Profit Payment date (as per Schedule 3 of the Agreement) shall be adjusted against such Certificate Holder's electricity bill amount for the subsequent billing period (the "**Adjustment Method**").

For Provisional Profit Payments, an Investor may only avail the Adjustment Method option if such Investor meets the following criteria ("**Eligible Investors – Adjustment Method**"):

- (i) the Investor has subscribed / agreed to subscribe to the Sukuk Certificates as part of the Pre-IPO Placement or the Public Offering and has not subscribed to the Sukuk Certificates at a later stage during the tenor of the Sukuk Issue (whether through transfer, the secondary market or otherwise);
- (ii) the Investor shall be a consumer of the Issuer (i.e. a K-Electric consumer) and fall under the below-mentioned consumer categories:

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

- (iii) in case the Investor is a Pre-IPO Investor, such Investor is a natural person; and
- (iv) the Investor has specified, in the Sukuk Subscription and Issue Agency Agreement (for Pre-IPO Investors) or the Application Form contained within the Prospectus (for Retail Investors), that it shall avail the Adjustment Method instead of the Customary Method in respect of Provisional Profit Payments and in such case, such Investor has provided its K-Electric account number therein and such other relevant details as may be required by the Issuer.

In the case of the Adjustment Method, it is clarified that:

- (i) in the event that the amount of the relevant Provisional Profit Payment is greater than the corresponding amount of the Investor's electricity bill that is subject to adjustment (the differential amount shall be referred to as "**Excess Profit**"), the Excess Profit shall be transferred by the Issuer into the bank account of such Investor, as appearing in the CDC's records/register or as otherwise notified by such Investor.

In order to claim any Excess Profit, the eligible Investor shall provide a written request via email to retail.sukuk@ke.com.pk with the subject: "*Request to Release Retail Sukuk Credit Profit Balance*". Such email request shall contain the Investor's IBAN number (as per the CDC records/register) along with scans of the CNIC of such Investor. Subject to all requisite documentation being provided to the Issuer's reasonable satisfaction and the claim being successfully verified by the Issuer, the Issuer shall be obligated to pay the Excess Profit to the concerned Investor within 25 (twenty five) days from their email request;

- (ii) in the event that the amount of the relevant Provisional Profit Payment is lesser than the corresponding amount of the Investor's electricity bill that is subject to adjustment (the differential amount shall be referred to as "**Deficit Amount**"), the relevant Investor shall



not be entitled to any adjustment for the Deficit Amount and such Investor shall be liable to pay the Deficit Amount in accordance with the due date mentioned in the relevant electricity bill; and

- (iii) with respect to any tax deductions required to be made compulsorily by the Issuer in accordance with applicable law, the tax status (filer / non-filer) of the relevant Investor shall be used for any such deductions.

- 17. The Sukuk Certificates inducted in the CDS will be transferred as per the procedure for transfer provided in terms of the Central Depositories Act, 1997 and the regulations and rules promulgated under the Central Depositories Act, 1997. Each Certificate Holder who acquires the Sukuk Certificates through a transfer through the CDC, shall by virtue of the transfer itself, be deemed to have acknowledged and agreed to the appointment of the Investment Agent, as its agent, for the purposes contemplated under the Agreement.



SCHEDULE 2

REDEMPTION SCHEDULE*

Redemption Date	Redemption Amount
12 months from the Issue Date	**PKR 3,000,000,000/-

**This schedule is subject to actual profit/loss calculations of the Musharaka.*

*** In the event that the final Sukuk Issue amount as on the Issue Date is lower than the amount stated above, the final Redemption Amount shall be the Redemption Amount notified by the Investment Agent to the Issuer and the Certificate Holders as on the Issue Date.*



SCHEDULE 3

PROVISIONAL PROFIT PAYMENTS

Profit Payment Dates	Provisional Profit Payment (PKR)
1 month from the Issue Date	PKR 61,643,836/-
2 months from the Issue Date	PKR 63,698,630/-
3 months from the Issue Date	PKR 63,698,630/-
4 months from the Issue Date	PKR 61,643,836/-
5 months from the Issue Date	PKR 63,698,630/-
6 months from the Issue Date	PKR 61,643,836/-
7 months from the Issue Date	PKR 63,698,630/-
8 months from the Issue Date	PKR 63,698,630/-
9 months from the Issue Date	PKR 57,534,247/-
10 months from the Issue Date	PKR 63,698,630/-
11 months from the Issue Date	PKR 61,643,836/-
12 months from the Issue Date	PKR 63,698,630/-

It is clarified that the Provisional Profit Payments shall be subject to the profit and loss sharing arrangement as stated in Clause 17.1 of the Terms and Conditions. It is further clarified that the Provisional Profit Payments are calculated at an assumed rate of 25% and this will be revised to the actual Base Rate and Margin of 0.20%.



SCHEDULE 4

PROVISIONS FOR MEETINGS OF CERTIFICATE HOLDERS

1. The Investment Agent and the Issuer may respectively, and the Investment Agent shall at the request in writing of not less than one-tenth (10%) of the Certificate Holders and upon receiving such indemnity as the Investment Agent may require against the cost of convening and holding the meeting, convene a meeting of the Certificate Holders. Such meeting shall be held at such place and at such time as the Investment Agent shall determine or approve.
2. At least 21 (twenty one) days' notice (exclusive in each case of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the Certificate Holders in the manner provided herein. The notice shall specify the place, day and hour of meeting and the general nature of the business to be transacted and it shall also specify in the notice the terms of any resolution to be proposed. A copy of the notice shall be sent by post to the Investment Agent unless the meeting shall be convened by the Issuer. In the event of the Investment Agent convening a meeting, the Investment Agent may cause the notice to be given to the Certificate Holders by publication thereof in one national daily in the English Language and one national daily in the Urdu Language. Notice of any meeting convened by the Issuer may be published in the aforesaid manner. In case the notice published as aforesaid is not brought to the attention of any Certificate Holder the same shall not invalidate the proceedings at any meeting.
3. The Investment Agent shall be indemnified and reimbursed by the Issuer with respect to the reasonable costs and expenses (duly supported by bills/ receipts) incurred in convening the meeting of the Certificate Holders.
4. 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.
5. 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.
6. A person nominated in writing by the Investment Agent shall preside as Chairman at every meeting. If no such person is nominated or if at any meeting no person nominated shall be present within 5 (five) minutes after the time appointed for holding the meeting, the Certificate Holders present shall choose one of their members to be Chairman. The Investment Agent and the Investment Agent's legal advisors and any director or officer of the Investment Agent and any director and the secretary and legal advisors of the Issuer and any other person authorized in that behalf by the Investment Agent may attend and be heard at any meeting.
7. With the consent of any meeting at which a quorum is present, the Chairman may and shall if so, directed by the meeting adjourn the meeting from time to time and from place to place. No business shall be transacted at any adjourned meeting except business which might lawfully have been transacted from which the adjournment took place.
8. At any meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless (before or on the declaration of the result of the show of hands) a poll is demanded by the Chairman or by one or more Certificate Holders present in person or by proxy or presenting at



least one twentieth of the total outstanding face value of Sukuk Certificates. Unless a poll is so demanded, a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or not carried by a particular majority or lost shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

9. If a poll is duly demanded, it shall be taken in such manner as the Chairman may direct and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
10. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to the vote or (if any) to which he may be entitled as a Certificate Holder.
11. A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place as the chairman directs.
12. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. The demand for a poll may be withdrawn.
13. At any meeting (i) on a show of hands every person who is present in person shall have one vote and (ii) on a poll every person who is so present or is a proxy shall have votes equal to the outstanding face value of the Sukuk Certificates held by such person or represented through proxy on the date of the meeting. Without prejudice to the obligations of proxies any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.
14. In the case of joint Certificate Holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Certificate Holders of the particular Sukuk Certificates. For this purpose, seniority shall be determined by the order in which the names stand in the Register of Certificate Holders in respect of the joint holding.
15. On a poll, vote may be given either personally or by proxy.
16. The instrument appointing a proxy shall be in the usual common form or such other form as the Investment Agent may approve and shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or, if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorized and that instrument shall be deemed to confer authority to demand or join in demanding a poll.
17. A person appointed to act as a proxy need not be a Certificate Holder.
18. Each instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of such power or authority) shall be deposited at the office of the company's secretary of the Issuer not less than 48 (forty eight) hours before the time appointed for holding the meeting or adjourned meeting or for the taking of the poll at which the person named in the instrument proposes to vote. In default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiry of 6 (six) months from the date of its execution.
19. A vote given in accordance with an instrument of proxy shall be valid notwithstanding the previous



death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, so long as no intimation in writing of such death, insanity or revocation shall have been received by the Issuer or the Investment Agent before the commencement of the meeting or the taking of the poll at which the proxy is used.

20. A meeting of the Certificate Holders shall, in addition to all other powers, have the following powers exercisable by Extraordinary Resolution only:
- (i) power to sanction any scheme for the reconstruction of the Issuer or for the amalgamation of the Issuer with any other company;
 - (ii) power to sanction the release of the Issuer from the payment of all or any part of any amounts owing upon the total value of the Sukuk Certificates and other monies payable pursuant to the Agreement;
 - (iii) power to sanction any modification, abrogation or compromise of or arrangement in respect of the rights of the Certificate Holders against the Issuer whether such rights shall arise under this Agreement or the Sukuk Certificates or otherwise;
 - (iv) power to assent to any modification or abrogation of the covenants or provisions contained in the Transaction Documents proposed or agreed to by the Issuer and to authorize the Investment Agent to concur in and execute any supplemental deed embodying any such modifications, provided the Investment Agent may provide its consent for the proposed modification without obtaining prior approval of the Certificate Holders if such modification not adversely affecting the rights of the Certificate Holders under the Transaction Documents; and
 - (v) power to agree to the release of any Investment Agent from any liability in respect of anything done or omitted to be done by such Investment Agent before the giving of such release.
21. An Extraordinary Resolution passed at a meeting of the Certificate Holders duly convened and held in accordance with the 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 Agreement) shall be bound to give effect to it accordingly.
22. The expression "**Extraordinary Resolution**" 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 these provisions.
23. 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 this 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.
24. Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for the purpose by the Issuer. Any such minutes if purporting to be signed by the chairman of the meeting shall be conclusive evidence of the matters stated in them and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes have been made and designed shall be deemed to have been duly held and convened and all resolutions passed at such meetings to have been duly passed.

