



**MINUTES OF 111th ANNUAL GENERAL MEETING (AGM) OF K-ELECTRIC LIMITED (KE)
HELD ON WEDNESDAY, 13 OCTOBER 2021 AT 10:30 HOURS (PST) AT KE HOUSE KARACHI
THROUGH VIDEO CONFERENCING FACILITY (ZOOM)**

Present

Shan A. Ashary	... Chairman
Syed Moonis Abdullah Alvi	... Chief Executive Officer (In person) (Proxy Holder of Messrs KES Power Limited)
Adeeb Ahmad	... Director (In person)
Ch. Khaqan Saadullah Khan	... Director
Jamil Akbar	... Director
Khalid Rafi	... Director (In person)
Mubasher H. Sheikh	... Director
Naveed Ismail	... Director
Ruhail Muhammad	... Director
Sadia Khuram	... Director
Asad Ali Shah	... Director
Waseem Mukhtar	... Director (Representative of Government of Pakistan)

KE Management Team

Rizwan Pesnani	... Chief Risk Officer & Company Secretary (In person)
Muhammad Rizwan Dalia	... Chief People Officer (In person)
Muhammad Aamir Ghaziani	... Chief Financial Officer (In person)
Amer Zia	... Chief Distribution Officer (In person)
Naz Khan	... Chief Strategy Officer (In person)
Sadia Dada	... Chief Marketing Officer (In person)
Asif Raza	... Chief Internal Auditor
Abbas Hussain	... Chief Generation & Transmission Officer (In person)
Muhammad Ali	... Director Business Finance G&E and Financial Reporting
Syed Irfan Ali Shah	... Head of Legal Affairs
Arshad Iftikhar	... Head of Distribution Project & Coordination
Noor Afshan	... Dy. Director Corporate Communication
Abdul Basit Ghauri	... GM Financial Reporting
Aadil Riaz	... Lead HRBP – Distribution
Arshad Sabri	... Head of Planning & Engineering
Muhammad Rafiq	... Consultant, Corporate Affairs
Junaid Talaat	... General Manager Corporate Affairs (In person)
Najia Ansari	... Manager Corporate Affairs (In person)

Representatives of the External Auditors Messrs. A.F. Ferguson & Co. (PwC)

Waqas Aftab Sheikh
Osama Moon
Junaid Mesia
Bilal Irfan
Abdul Rafey



Representatives of Central Depository Company (CDC)

Farhan Afridi
Murtaza Zuberi

Shareholders	Folio No.
Syed Muhammad Hanif	3277-67231
Asif Hameed	05264-73820
Sidra Bano	04259-14727
Muhammad Arif Bilvani	5189
Salman Saeed	10629-166275
Aftab Ahmad Khan	9999
Usman Ali	05264-58995
Arif Mehmood	8837
Hanif Khatri	8840
Fahad Baig	00695-14884
Muhammad Suhail	14991

(complete list of shareholders who attended the AGM is available at the registered office of the Company)

Leave of absence to the directors who could not attend due to a reasonable cause

Dr. Ahmed Mujtaba Memon ... Director

1. As per the schedule of meeting, the Board Members, K-Electric Limited Management Team, and the Shareholders of the Company joined the 111th Annual General Meeting of the Company through Video Conferencing from their respective locations at 10:30 hours (PST).
2. Company Secretary welcomed the shareholders. He informed that due to the continuing threat posed by COVID-19 pandemic and considering the safety as well as well-being of the Board Members, Management Team and Valued Shareholders, this AGM is being held through video conferencing facility as allowed by Securities & Exchange Commission of Pakistan.
3. Chairman inquired from the Company Secretary about the requisite quorum. Company Secretary stated that the requisite quorum for conducting Annual General Meeting i.e. a minimum of ten (10) members with not less than 25 percent voting power, is duly present. He added that proxies as detailed below have been deposited with the Company within the stipulated time:

IN FAVOR OF	BY	NO. OF SHARES	PERCENTAGE
Syed Moonis Abdullah Alvi	KES Power	18,335,542,678	66.40
Waseem Mukhtar	Government of Pakistan	6,726,912,278	24.36
Grand Total		25,062,454,956	90.76



4. Chairman welcomed the Shareholders at the 111th AGM of the Company and announced to commence the Meeting. The Meeting commenced with recitation from the Holy Qur'an.

AGENDA ITEM 1

TO ADOPT MINUTES OF 110th AGM HELD ON 26 NOVEMBER 2020

5. Company Secretary stated that the Minutes of 110th AGM held on 26 November 2020 had been circulated to the shareholders through Pakistan Stock Exchange. He suggested that one of the shareholders may like to propose and another may like to second adoption of minutes by using Zoom app's (video conferencing solution) raise hand feature.

6. Muhammad Sohail (Folio No. 14991) proposed and Aftab Ahmed Khan (Folio No. 9999) seconded the adoption of minutes.

DECISION

7. **RESOLVED THAT** the Minutes of 110th Annual General Meeting (AGM) of the Company held on 26 November 2020 be and are hereby adopted.

AGENDA ITEM 2

TO ADOPT ANNUAL AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

8. CEO and CFO made a comprehensive presentation titled 'Annual General Meeting FY21' on the performance and operations of the company during FY 2021.

9. CEO thanked all the shareholders for their presence in the meeting

10. CEO stated that KE has performed well in FY 2021 and all out efforts are being made for making further investment in the infrastructure of Karachi. He highlighted that the 900 MW BQPS III project is now progressing well which was earlier delayed due to delay in delivery of supplies due to COVID-19 circumstances.

11. CEO informed that an agreement had been executed with Pakistan LNG Limited for supply of 150 MMCFD of gas expected to start in near future. He said that it is expected that by summer 2022, all 900 MW units will be available for Karachi which would be one of the most efficient power plant of the country.

12. CEO also mentioned about the augmentation of NTDC's Jamshoro -KDA interconnection circuit which enable KE to draw additional power from national grid. Around 1250 MW of power supply was provided in the peak time of summers. He added that no load-shedding is being conducted for industries and the areas which are exempted from load-shedding. He stated that Management is hopeful that in future, demand and supply gap will be further reduced. The agreement of 2050 MW is being finalized through which the issue of growing power demand will be resolved. He updated that work is in progress on KKI and Dhabeji grids which are expected to be completed by the end of 2023.



13. CEO continued that initiatives for green energy are in place and it is expected that by 2023 at least 150-200 MW of energy can be obtained through solar power. RFPs have been issued and hearing with NEPRA for competitive bidding have already taken place and all other processes are expected to be completed in due course. He informed that KE's newly incorporated subsidiary K-Solar (Private) Limited has started its operations.

14. CEO informed that Project Sarbulandi has been initiated in the areas of high losses through which Ariel Bundled Cables (ABC) and meters are being provided and extensive recovery campaigns in those areas have also been initiated. In other high loss-making areas, either PMTs have been disconnected or agreements with local representatives have been executed to ensure improvement in recovery.

15. CEO added that for supply chain management, ARIBA software has been launched which will help in reducing procurement costs and will enhance transparent communication. He added that KE is in the process of practicing best standards of safety and in next 2-3 years we would reach the best safety standards.

16. CEO mentioned that all KE employees are now vaccinated against COVID-19 and he requested all shareholders to get vaccinated.

17. CFO began Presentation on company's financial and operational performance during FY 2021.

18. CFO stated that in FY 2021, KE has performed well which is demonstrated by the operational indicators. He mentioned that during the year, Sent-out growth of 9.6 percent has been achieved and the main reason behind that was economic revival and improved on-ground conditions as compared to the last year. T&D losses went down to 17.5 percent in FY21 as compared to 19.7 percent in FY20. Recovery ratio, which is very critical to cash flow saw an improvement and was recorded at 94.9 percent in FY 2021 as compared to 92.1 percent in FY 2020. Since units billed is a resultant of sent-out growth and T&D losses, therefore it has also increased by 12.6 percent.

19. CFO further mentioned that the Company is continuing its Aerial Bundle Cabling (ABC) Project and has converted 11,000 PMTs so far as compared to 9,000 PMTs in FY 2020. Transmission capacity has enhanced by 2.9 percent which is 6,536 MVA in FY 2021 as compared to 6,352 MVA in FY 2020. CFO also mentioned that this strong operational performance has been achieved through investment of PKR 80.9 billion across the power value chain. As a result, 75 percent of Karachi city is exempted from load-shedding.

20. While presenting the Financial performance, CFO mentioned that there was an improvement in contribution margin by 22.5 percent which is PKR 84.9 Billion in FY 2021 as compared to PKR 69.3 billion in FY 2020. This improvement in contribution margin has also reflected in EBITDA which is recorded at PKR 45.9 Billion in FY 2021 as compared to PKR 36.7 Billion in FY 2020, showing an increase of 25 percent. CFO clarified that last year the company posted a loss of approx. PKR 3 billion predominantly on account of lower sent-out, higher T&D losses due to the impact of COVID-19 lock-down. However, in FY 2021, due to revival of economic activities, company registered a growth of 9.6% in sent-out and recorded a profit of approx. PKR 12 billion. Due to the profit, the Earning Per



Share, return on Property Plant and Equipment and Return on Equity also showed improvement. He mentioned that one of the reasons for profit is also the decrease in finance cost by PKR 5.6 Billion which is a result of reduction in interest rates by 5 percent. CFO stated that although, the Company has made profit of PKR 12 Billion but this is too low in term of ROE or ROA percentage as compared to other IPPs and the major reason is disallowance of certain prudent cost by the regulator in the MYT for which the Company is engaged with relevant stakeholders and has raised it at relevant forum. While discussing the statement of profit or loss, CFO mentioned that O&M cost has been increased due to inflation.

21. CFO updated that on 900 MW BQPS-III, work is in progress and the first unit will soon be operational. Gas supply agreement for 150 MMCFD RLNG supply to KE's Bin Qasim Complex has already been executed with PLL in August 2021. He further mentioned that furnace oil-based Units 3 and 4 of BQPS-1 have been decommissioned as their reliability was not up to the mark. 900 MW power plant, which is expected to be 60 percent efficient, will be replacing these plants to capture growth and reduce generation costs. This would benefit the company as well as consumers. The main business indicators during the year improved which includes improvement of 5.8 percent in fleet sent-out (GWh) and a decrease in fleet forced outages by 56.1 percent. While complying with the directions of NEPRA, KCCPP was commissioned with HSD as an alternative fuel to address gas pressure issues. He informed that all KE generating stations are recipient of ISO 55001 certification.

22. On the business development, CFO informed that KE is aggressively pursuing its plan to enhance renewable energy generation and has submitted RFP for 150MW Solar power projects in Baluchistan. As soon as the RFP is approved by NEPRA, competitive bidding will start. He mentioned that as part of diversification strategy, the company has started capitalizing on energy-based investment which can help KE in improving EBITDA and returns. CFO mentioned that KE has established a wholly owned subsidiary which is an investment arm, KE Venture Private Limited (KEVCL) through which KE intends to invest mainly in energy space. Under KEVCL umbrella, a company named K-Solar Private Limited has already been incorporated to tab distributed generation business and has started its commercial operations in June offering energy efficient solution including roof-top solar to residential, commercial, and industrial segment.

23. CFO continued with the importance of investments made across the value chain in Transmission which leads to capacity enhancement as well as improved network reliability. Two grids, 550 KVI Grid and 220 KV Dhabeji are in process of setting up for execution of additional power from NTDC. Bidding process is ongoing for KKI grid whereas construction has already begun on Dhabeji grid which will be completed in 2022. The capacity of existing 220kV KDA-Jamshoro circuit has been enhanced to off-take additional power from national grid of up to 450-600 MW. CFO added that during the period under review large number of transformers have been put in place and the 132 KV Mehmoodabad grid has also been energized.

24. On the Distribution side, he briefed about the progress of Project Ensure in which 22 substations have been elevated and 113 substations have been renovated. It is expected that the project will be concluded by the Second quarter of FY2022. Project Sarbulandi and recovery campaigns are also in progress, aiming to eradicate load-shed and to convert chronic defaulters into regular payers.

25. CFO mentioned that significant level of work has been done on Corporate Social Responsibility side. This includes plantations drives and the signature project of KE, Roshni Baji through which 40 women were trained and reached more than 107,000 households for safety awareness. KE partnered with SINA and HANDS to conduct COVID-19 training for healthcare workers, provided personal protective equipment to 64 vulnerable communities as well as health care centers and donated handwashing stations and sanitization walkways to public areas and hospitals.

26. CFO said that in terms of receivables from government entities and departments, the company seeks a fair and equitable resolution on the issue of net receivables. CFO further mentioned that discussions around finalization of Terms of Reference (ToRs) to resolve the historic disputes via arbitration are in progress. Also, discussion with government regarding Power Purchase Agreements (PPA) and Tariff Differential Subsidies (TDS) is also progressing well to ensure timely payments in future.

27. Regarding the acquisition of equity stake in KE by Shanghai Electric Power (SEP), CFO briefed that intimation for extension in timeline for making Public Announcement of Offer was made by SEP on 23 September 2021 which was also communicated through Pakistan Stock Exchange.

28. Company Secretary invited shareholders for any questions and/or feedback on the financial statements. He briefed the Shareholders that they can ask a question by using Zoom app's raise hand feature. The queries raised by various shareholders were addressed/responded by the Chairman, CEO and KE Management Team as follows:

Mr Muhammad Arif Bilwani (5189):

29. Mr Muhammad Arif Bilwani asked number of questions and though Management responded to many of those, it was agreed that responses to his queries would be sent to him in writing in the best interest of time. Management team noted the questions including updates on various areas as requested by Mr Muhammad Arif Bilwani (subsequent to the AGM a detailed response was shared with Mr Bilwani).

Mr Faisal Bengali:

30. On a query that KE's returns are very less as compared to its assets base, CEO responded that mid-term review petition has been filed with NEPRA and agreed that KE is allowed lesser returns on assets base. He stated that the return on generation and transmission segments are feasible, but distribution segment is in loss. Chairman took notice of the concerns with regard to returns and suggested to raise the concerns with NEPRA.

31. On the query that Shareholders are not getting any returns despite continuous improvement in recovery and line losses made by KE because of NEPRA's continuous change in benchmarks, CEO mentioned that KE is the only privatized vertically integrated utility company in Pakistan. He emphasized that few approvals from NEPRA are pending and in case of favorable outcome KE might be in a position to start giving pay-out to valued Shareholders. Chairman clarified that during the year 2021, all efforts have been made at various forums that government should clear its receivables. He mentioned that NEPRA's decision on mid-term review is necessary for KE's sustainability. With new developments being made, improvement in overall health of the company is expected.



Syed Muhammad Hanif (3277-67231)

32. Mr Hanif stated that KE should give more to the society in the shape of CSR activities. He suggested name of Ida Rieu College for Blind and Deaf which provides free education to blind and deaf children. CFO shared with the Shareholders the details and criteria for CSR activities.

Mr Usman Ali (5264-58995)

33. Responding to a query on Government nominee directors on Board Committees, CS informed that there are 3 government nominees in Board of Directors namely Mr Waseem Mukhtar, Mr Naveed Ismail and Dr Ahmed Mujtaba Memon who are also the part of different committees.

34. On a query that too many Board and Committee Meetings have taken place this year, CEO mentioned that no unnecessary Board meeting was held during the year as appropriate scrutiny and Board approvals are required in the matters which were tabled therein.

35. CEO explained that KE is not in agreement with the claw-back interpretation of NEPRA. The legal position of the company regarding claw-back has been disclosed in the accounts of the company and the Management considers that the company has a good case and expects favorable outcome of the suits pending before the High Court of Sindh.

36. CEO mentioned that 560 MW plant is currently the flagship plant of KE as it is more efficient. In future, 900 MW BQPS III would become the flagship plant with one of the highest efficiency in the country.

37. Referring to the SEP intention of acquisition of KE, CEO stated that all the relevant information received has been provided to Pakistan Stock Exchange and the same has been conveyed to the public and shareholders through PSX.

38. On a request for segmented profit & loss, CFO informed that the segmented profit & loss accounts has been published in the Annual Report.

39. CEO shared with the members that discussion are being held with KAPCO for a possible power purchase arrangement. However, that would depend on regulatory and corporate approvals.

40. CEO mentioned that on the T&D losses NEPRA has allowed 16.8 percent for FY 2021 against 17.5 percent achieved by KE but it is expected that this year it will reach to the allowed level.

41. On a query regarding administrative expense, CEO said that all the decisions of payments and expenses are made with prior approval of the Board in line with accounting policies and procedures which are closely monitored by the Board and then audited by the auditors therefore these expenses stand the most reasonable cause.

42. On a query regarding auxiliary consumption, CFO informed that it stands at 6.9 percent for FY 2021.



Mr Nabeel:

43. On the query regarding Mid Term Review, CEO responded that discussions and representations are ongoing with NEPRA regarding the Mid Term Review of Tariff, but it is early to form a conclusion on the outcome of the same.

44. CEO informed that an agreement on subsidy related payments is under signing with Government of Pakistan which will resolve the issue of circular debt. Under the proposed agreement, if timely payments are not made by the government, company will be getting a markup against it and if the payment is overdue for two months, any payments to be made to the company will be set-off against it. He said that this is under approval process at Government level.

45. Responding to a query on MoU with HUBCO, CEO confirmed that a MoU was signed but HUBCO has not yet received NOC from the Government therefore it is probable that this project shall not continue. Since the demand of electricity has been growing, KE will keep investing in various other projects which may include PPA with KAPCO, a new plant or maybe more electricity being drawn from NTDC.

46. Accounts were proposed by Arif Mehmood (8837) and Seconded by Salman Saeed (10629-166275).

Malik Bakhtiar Aziz (through Whatsapp Message):

47. Malik Aziz suggested that it would be convenient for the Shareholders if AGM is convened physically. He congratulated the Company on achieving a good Earning Per Share and hoped that it would strive for better results. Company Secretary informed that the reason for not conducting AGM physically is the safety of valued shareholders.

DECISION

48. **RESOLVED THAT**, K-Electric's Annual Audited Financial Statements for the year ended 30 June 2021 along with the Chairman's Review, Directors' Report and Auditor's Report thereon, be and are hereby adopted.

AGENDA ITEM #3

TO APPOINT EXTERNAL AUDITOR FOR FY 2022 AND CONFIRM THEIR REMUNERATION

49. Company Secretary informed that Messrs. A. F. Ferguson & Co. have retired and being eligible, have offered themselves for reappointment. Pursuant to provisions of Code of Corporate Governance, the Board Audit Committee has recommended reappointment of Messrs. A. F. Fergusons & Co. as statutory auditors of the Company for FY 2022 on a mutually agreed audit fee of PKR 10 million. The Board had endorsed the BAC's recommendations.

50. Proposed by Hanif Khatri (8840), seconded by Salman Saeed (10629-166275), the following resolution was passed:



DECISION

51. **RESOLVED THAT** Messrs. A. F. Fergusons and Co. be and are hereby reappointed as statutory auditors of the Company for FY 2022, on a total remuneration of PKR 10 million plus out of pocket expenses for the audit of the Financial Statements, the review of the Financial Statements and issue a Review report on the Statement of Compliance.

52. The Chairman thanked the shareholders for their participation in AGM and valuable suggestions. The meeting ended with a vote of thanks to the Chair.

Shan A. Ashary
Chairman