

BEST CORPORATE REPORT AWARDS 2023 SELF-ASSESSMENT CHECKLIST NAME OF COMPANY: K-Electric Limited		Annual Report Page Reference No.
No		
1	Organizational Overview and External Environment	
1.01	Mission, vision, code of conduct, ethics and values.	Page 05, 29
1.02	Principal business activities and markets (local and international) including key brands, products and services.	Page 03, 110
1.03	Geographical location and address of all business units including sales units and plants.	Page 03,110
1.04	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates. Name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	Page 03, 110
1.05	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	Page 3 and 257
1.06	Organization chart indicating functional and administrative reporting, presented with legends.	Page 10
1.07	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain.	Page 32
1.08	a) Explanation of significant factors effecting the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and the organization's response.	Page 47
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1.09	The legislative and regulatory environment in which the organization operates.	Page 253-254, 47
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1.11	SWOT Analysis of the company.	Page 46
1.12	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	Page 33, 46
1.13	The political environment where the organization operates and other countries that may affect the ability of the organization to implement its strategy.	Page 47, 16-17 (Macroeconomic environment)
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2.03	The capabilities and resources of the company to provide sustainable competitive advantage and as result value created by the business.	Page 31, 44-45
2.04	The effects of the given factors on company strategy and resource allocation: technological changes, ESG reporting and challenges, initiatives taken by the company in promoting and enabling innovation and resource shortages (if any).	Page 47, 49
2.05	Key performance indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	Page 32 (Key Performance Indicators)
2.06	The company's sustainability strategy with measurable objectives/ targets.	Page 49-52
2.07	Board's statement on the significant plans and decisions such as corporate restructuring, business expansion, major capital expenditure or discontinuance of operations.	KE's Planned Projects - Page 20-21 Investment Plant: Page 54-55
2.08	a) Information about defaults in payment of any debts with reasons and	Page 89
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3	Risks and Opportunities	
3.01	Key risks and opportunities (internal and external) effecting availability, quality and affordability of Capitals.	Page 84-85, 46
3.02	A Statement from Board for determining the following:	
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	b) the company has carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance and solvency or liquidity.	Page 19
3.03	Risk Management Framework covering principal risk and uncertainties facing the company, risk methodology, risk appetite and risk reporting.	Page 165, 81, 84-85
3.04	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	Page 84-85
3.05	Disclosure of a risk of supply chain disruption due to an environmental, social or governance incident and company's strategy for monitoring and mitigating these risks (is any).	Page 85
4	Sustainability and Corporate Social Responsibility (CSR)	
4.01	Board's statement for adoption of best practices for CSR.	Page 49, 21
4.02	Board's statement about the company's strategic objectives on ESG (environmental, social and governance)/ sustainability reporting.	Page 21

4.03	A chairman's overview on how the company's sustainable practices can affect their financial performance.	Page 11
4.04	Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and CSR as per best business practices including:	Pg: 49 - 52 Page 19,21, 41
	a) environment related obligations applicable on the company;	
	b) company progress towards ESG initiatives during the year; and	
	c) company's responsibility towards the staff, health & safety.	
4.05	Status of adoption/compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP or any other regulatory framework as applicable.	Page 21 and 49
4.06	Certifications acquired for best sustainability and CSR practices or have a membership of any environmental or social groups.	Page 8
5	Governance	
5.01	Board composition:	
	a) Leadership structure of those charged with governance.	Page 10, 23 and 59-61
	b) Name of independent directors indicating justification for their independence.	Page 13
	c) Diversity in the board i.e. competencies, requisite knowledge & skills, and experience.	Page 12 and 13
	d) Profile of each director including education, experience and involvement /engagement of in other entities as CEO, Director, CFO or Trustee etc.	Page 12 and 13
	e) No. of companies in which the executive director of the reporting organization is serving as non-executive director.	Page 79 second column 4th para ("Chief Executive Officer is the only Executive Director not serving as a Director of any other company")
5.02	A brief description about role of the Chairman and the CEO.	Page 79
5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	Page 78
5.04	Chairman's Review Report on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.	Page 11
5.05	Annual evaluation of performance, along with description of criteria used for the members of the board including CEO, Chairman and board's committees.	Page 79-81
5.06	Disclosure if the board's performance evaluation is carried out by an external consultant once in three years.	Page 80 second paragraph Page 78 second column second para
5.07	Details of formal orientation courses for directors.	Directors Orientation: Page 24
5.08	Directors' Training Program (DTP) attended by directors, female executive and head of department from the institutes approved by the SECP and names of those who availed exemptions during the year.	Page 59 - 60 (Point 09)
5.09	Description of external oversight of various functions like systems audit or internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	Page 58
5.10	Disclosure about related party transactions:	
	a) Approved policy for related party transactions.	Page 83 last paragraph
	b) Details of all related parties transactions, along with the basis of relationship describing common directorship and percentage of shareholding.	Page 83 & 170-172
	c) Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement.	
	d) Disclosure of director's interest in related party transactions.	
	e) In case of conflict, disclosure that how such a conflict is managed and monitored by the board.	
5.11	Disclosure of Board's Policy on the following significant matters:	
	a) Governance of risk and internal controls.	Page 19,81
	b) Diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.	Page 24, 21 under ESG and Sustainability maintainance
	c) Disclosure of director's interest in significant contracts and arrangements.	Page 83
	d) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings.	Board remuneration policy: Page 23 & 78
	e) Retention of board fee by the executive director earned by him against his services as non-executive director in other companies.	Not Applicable, executive director is not acting as a non-executive director in any other Company. Page 79 second column 4th para ("Chief Executive Officer is the only Executive Director not serving as a Director of any other company")
	f) Security clearance of foreign directors.	Page 78 second column 3rd para
	g) Board meetings held outside Pakistan.	Page 28
	h) Human resource management including preparation of succession plan.	Page 41
	i) Social and environmental responsibility.	Page 21, 49
	j) Communication with stakeholders.	Page 253-255
	k) Investors' relationship and grievances.	Page 83
	l) Employee health, safety and protection.	Page 19,41, 50
	m) Whistle blowing policy including mechanism to receive and handle complains in a fair and transparent manner and providing protection to the complainant against victimization and reporting in Audit Committee's report.	Page 81,57
	n) Safety of records of the company.	Page 82

	o) Company's approach to managing and reporting policies like procurement, waste and emissions.	Page 32,21 and 52
5.12	Board review statement of the organization's business continuity plan or disaster recovery plan.	Page 82,18
5.13	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	Page 59-61
5.14	a) Shares held by Sponsors / Directors / Executives;	Page 257
	b) Distribution of shareholders (Number of shares as well as category, e.g. Promoter, Directors/Executives or close family member of Directors/Executives etc.) or foreign shareholding (if any).	Page 257
5.15	Salient features of TOR and attendance in meetings of the board committees (Audit, Human Resource, Nomination and Risk management).	Page 26-28
5.16	Timely Communication:	
	within 40 days - 6 marks	
	<i>(within 50 days - 6 marks in case of holding company who has listed subsidiary /subsidiaries)</i>	
	within 60 days - 3 marks	
	<i>(Entities requiring approval from a Regulator before finalization of their financial statements would be provided a 20 days relaxation, on providing evidence to the Committee).</i>	
5.17	Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include:	
	a) Composition of the committee with at least one member qualified as "financially literate and all members are non-executive / Independent directors including the Chairman of the Audit Committee.	Page 57
	b) Committee's overall role in discharging its responsibilities for the significant issues in relation to the financial statements, and how these issues were addressed.	Page 57-58
	c) Committee's overall approach to risk management and internal control, and its processes, outcomes and disclosure.	Page 57-58
	d) Role of Internal Audit to risk management and internal control, and approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor's performance.	Page 57-58
	e) Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommended instituting remedial and mitigating measures.	Page 57 last para
	f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor;; and if the external auditor provides non-audit services, an explanation as to how auditor's objectivity and independence is safeguarded.	Page 58
	g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported.	Page 58
	h) The Audit Committee's views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information to shareholders to assess the company's position and performance, business model and strategy.	Page 58
	i) Results of the self-evaluation of the Audit Committee carried out of its own performance.	
	j) Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year.	Page 57
5.18	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities / matters that are within the scope of the Audit Committee's responsibilities.	Page 78 second column 5th para
5.19	Board disclosure on Company's use of Enterprise Resource Planning (ERP) software including:	
	a) how it is designed to manage and integrate the functions of core business processes/ modules like finance, HR, supply chain and inventory management in a single system;	Page 18 & 42
	b) management support in the effective implementation and continuous updation;	Page 18 & 42
	c) details about user training of ERP software;	Page 18 & 42
	d) how the company manages risks or control risk factors on ERP projects;	Page 18 & 42
	e) how the company assesses system security, access to sensitive data and segregation of duties.	Page 18 & 42
5.20	Where an external search consultancy has been used in the appointment of the Chairman or a non-executive director, a disclosure if it has any other connection with the company.	N/A
5.21	Chairman's significant commitments and any changes thereto.	Page 11
5.22	Disclosure about the Government of Pakistan policies related to company's business/sector in Directors' Report and their impact on the company business and performance.	Page 22-23
6	Analysis of the Financial Information	
6.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators showing linkage between:	
	a) Past and current performance;	Page 87 - 95
	b) Performance against targets /budget; and	Page 87 - 95
	The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred and future prospects of profits.	Page 16, 87 - 95
6.02	a) Analysis of financial ratios (Annexure I).	Page 91
	b) Explanation of negative change in the performance against prior year.	Page 16, 87-89
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years.	Page 92 and 90
6.04	Graphical presentation of 6.02 and 6.03 above.	Page 93-95, 87-89
6.05	Methods and assumptions used in compiling the indicators.	Page 89
6.06	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	Page 98
6.07	Segmental review and analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	Page 173, 89
6.08	a) Share price sensitivity analysis using key variables (i.e. selling price, raw material cost, interest rate and currency) with the consequent impact on the company's earning.	Page 256
	b) Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	Page 18,256

6.09	Brief description and reasons for not declaring dividend despite earning profits and future prospects of dividend.	Page 89
6.1	CEO presentation video on the company's business performance of the year covering the company business strategy to improve and future outlook. (Please provide relevant webpage link of the video in the company's annual report).	Page 1
7	Business Model	
7.01	Describe the business model including inputs, business activities, outputs and outcomes in accordance with the guidance as set out under section 4C of the International Integrated Reporting Framework.	Page 44
7.02	Explanation of any material changes in the entity's business model during the year.	Page 44
8	Disclosures on IT Governance and Cybersecurity	
8.01	The Board responsibility statement on the evaluation and enforcement of legal and regulatory implications of cyber risks and the responsibilities of the board in case of any breaches.	Page 18, 42 and 81-82
8.02	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	
8.03	Disclosures about how cybersecurity fits into the board's risk oversight function and how the board is engaging with management on this issue.	
8.04	Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.	
8.05	Disclosure about Company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents.	
8.06	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	
8.07	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	
8.08	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (RPA, Block Chain, AI, Cloud Computing etc.) to improve transparency, reporting and governance.	
8.09	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	
9	Future Outlook	
9.01	Forward-looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.	Page 25, 20-21,54-55, 37-38
9.02	Explanation as to how the performance of the company meets the forward-looking disclosures made in the previous year.	Page 17-18, 35-40
9.03	Status of the projects in progress and were disclosed in the forward-looking statement in the previous year.	Page 17-18, 35-40
9.04	Sources of information and assumptions used for projections / forecasts in the forward-looking statement and assistance taken by any external consultant.	Page 25, 20-21,54-55, 37-38
10	Stakeholders Relationship and Engagement	
10.01	Stakeholders engagement policy of the company and how the company has identified its stakeholders.	Page 253
10.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how these relationships are likely to affect the performance and value of the company, and how those relationships are managed.	Page 253-255, 83
	These engagements may be with:	
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	c) Banks and other lenders;	
	d) Media;	
	e) Regulators;	
	f) Local committees; and	
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10.04	Investors' Relations section on the corporate website.	Page 83
10.05	Issues raised in the last AGM, decisions taken and their implementation status.	Page 273
10.06	Statement of value added and its distribution with graphical presentation:	Page 96
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	b) Government as taxes (separately direct and indirect);	
	c) Shareholders as dividends;	
	d) Providers of financial capital as financial charges;	
	e) Society as donation; and	
	f) Retained within the business.	
10.07	Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions and disclosure of brief summary of Analyst briefing conducted during the year.	Page 78 (7th para) Page 254
10.08	Highlights about redressal of investors' complaints.	Page 273
11	Striving for Excellence in Corporate Reporting	
11.01	Board's responsibility statement on full compliance of financial accounting and reporting standards as applicable in Pakistan (i.e. International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB)).	Statement of compliance (Page 111-112)
11.02	Adoption of International Integrated Reporting Framework by fully applying the 'Fundamental Concepts', 'Content Elements' and 'Guiding Principles'.	
11.03	BCR criteria cross referred with page numbers of the annual report. (details can be maintained by companies on the Investor Relation section of the company's website).	Details of BCR criteria cross referred with annual report has been maintained on Company's website

12	Specific Disclosures of the Financial Statements	
12.01	Specific disclosures of the financial statements required under the Companies Act, 2017 and IFRSs (Annexure II).	Please refer the cross referencing below
13	Assessment based on Qualitative Factors	
13.01	Overall quality of information contained in the annual report based on the following qualitative factors:	
	a) Clarity, simplicity and lucidity in presentation of Financial Statements Clarity, simplicity and lucidity in presentation of financial statements.	
	b) Theme on the cover page.	
	c) Effective use of presentation tools, particularly, effective use of diagrams, graphs, charts, smart arts, icons, tables and infographics in the annual report.	
	d) Effectiveness and relevance of photos and graphs	
	e) Effectiveness of the theme on the cover page.	
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	c) EBITDA Margin to Sales	Page 91
	d) Operating leverage ratio	Page 91
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	b) Quick / Acid test ratio	Page 91
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	b) Price Earnings ratio	Page 91
	c) Price to Book ratio	Page 91
	d) Dividend Yield ratio	N/A
	e) Dividend Payout ratio / Dividend Cover Ratio	N/A
	f) Cash Dividend per share / Stock Dividend per share	N/A
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	ii. With Surplus on Revaluation of Property plant and equipment including the effect of all Investments.	Page 91
	iii. Including Investment in Related Party at fair /market value and also with Surplus on Revaluation of property plant and equipment.	Page 91
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	b) Weighted average cost of debt	Page 91
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	b) Customer Satisfaction Index	Page 91
	c) Production per Employee (for manufacturing)/ Employee Productivity Rate (for service industry)	Page 91
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Annexure II - Specific Disclosures of the Financial Statements (refer section 12 of the criteria)		
1	Fair value of Property, Plant and Equipment.	Page 125-126
2	Particulars of significant/ material assets and immovable property including location and area of land.	Page 129
3	Capacity of an industrial unit, actual production and the reasons for shortfall.	Page 173
4	Forced sale value in case of revaluation of Property, Plant and Equipment or investment property.	Page 126
5	Specific disclosures required for shariah compliant companies/ companies listed on the Islamic Indices as required under clause 10 of the Fourth Schedule of the Companies Act, 2017.	Page 142-145 (Note 20), 137 (Note 15), 162 (Note 39.1, 40, 40.1 & 40.2)

6	Disclosure requirements for common control transactions as specified under the Accounting Standard on 'Accounting for common control transactions' developed by ICAP and notified by SECP (<i>through SECP S.R.O. 53 (I)/2022 dated January 12, 2022</i>)	N/A
7	Disclosure about Human Resource Accounting (includes the disclosure of process of identifying and measuring the cost incurred by the company to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets).	Page 36-37, 174
8	In financial statements issued after initial or secondary public offering(s) of securities or issuance of debt instrument(s) implementation of plans as disclosed in the prospectus/offering document with regards to utilization of proceeds raised till full implementation of such plans.	N/A
9	Where any property or asset acquired with the funds of the company and is not held in the name of the company or is not in the possession and control of the company, this fact along with reasons for the property or asset not being in the name of or possession or control of the company shall be stated; and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed.	Page 127 (Note 4.1.7)