

Ref: SEC/PSX/19  
Dated: 30 May 2019

**Mr. Abbas Mirza**  
Acting Chief Regulatory Officer  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
Karachi

Re: **Holding of Annual General Meeting (AGM) for FY 2017 & 2018**

Dear Sir,

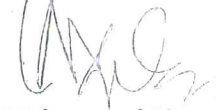
We write with reference to the meeting held in your office on 27 May 2019 on the subject matter. As advised, we have made statutory disclosure through PUCARS on 29 May 2019, informing PSX, SECP and the shareholders that the Ministry of Energy (MoE), GOP has notified on 22 May 2019, Multiyear Tariff (MYT) for K-Electric for the period of seven (7) years applicable from 1 July 2016 to 30 June 2023, copy attached for ready reference.

Further, as discussed in the said meeting, please find enclosed for reference, understanding and consumption of the Exchange, an Executive Summary properly listing in chronological order, various events happened and series of communication exchanged with regard to MYT determination and holding of AGM for FY 2017 and FY 2018.

From the factual position as above, you will observe that the Company has acted strictly in accordance with the provisions of Companies Act 2017 and PSX Regulations and obtained requisite extension & sought direction from SECP as well as posted, on regular basis, statutory announcements through PUCARS for information of the Exchange and shareholders of the Company.

Further, as explained in our disclosure dated 29 May 2019 that due to aforementioned MYT notification, the financial statements are being finalized and the audit of the same is being expedited. As soon as timelines for the finalization and provision of the audited financial statements for FY 2017 are finalized, AGM would be scheduled taking into account printing & dispatch time for Annual Report and statutory notice period to convene AGM. Simultaneously, we will seek direction from SECP for holding AGM for FY 2017 and will accordingly inform PSX immediately.

Sincerely,



**Muhammad Rizwan Dalia**  
Chief People Officer & Company Secretary

Encl. As above

Ref: SEC/PSX/19  
Dated: 28 May 2019

**Mr. Abbas Mirza**  
Acting Chief Regulatory Officer  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
Karachi

**Re: Delay in Holding of Annual General Meetings for the year ended 30 June 2017**

This refers to our letter no. SEC/PSX/19/675 dated 24 April 2019 and no. SEC/PSX/19/689 dated 22 May 2019 and the hearing held in your office on 27 May 2019 on the subject.

We are pleased to inform you that, following withdrawal of the case before the Sindh High Court on 03 April 2019 by the Company, the Ministry of Energy (MoE), GOP has notified on 22 May 2019, Multiyear Tariff (MYT) for K-Electric for the period of seven (7) years applicable from 1 July 2016 to 30 June 2023. As earlier stated that availability of a legally notified tariff was a fundamental prerequisite to prepare financial statements of the Company. Accordingly, due to aforementioned MYT notification the financial statements are being finalized and the audit of the same is being expedited.

Further, as soon as timelines for the finalization and provision of the audited financial statements for FY 2017 are finalized, AGM would be scheduled taking into account printing & dispatch time for Annual Report and statutory 21-day notice period to convene AGM. Simultaneously, we will seek direction from SECP for holding AGM for FY 2017 and will accordingly inform PSX immediately.

Sincerely,



**Muhammad Rizwan Dalia**  
**Chief People Officer & Company Secretary**

Copy to: The Director / HOD  
Surveillance, Supervision and Enforcement Department  
Securities & Exchange Commission of Pakistan  
NIC Building, 63 Jinnah Avenue, Blue Area  
Islamabad

## Holding of Annual General Meeting (AGM) for FY 2017 & 2018 - Executive Summary

### A Multiyear Tariff (MYT)

1. K-Electric, on 31 March 2016, submitted a tariff petition to NEPRA for new MYT, previous 7 year MYT was expiring on 30 Jun 16.
2. NEPRA determined a new MYT for seven (7) year period from 1 July 16 to 30 June 2023, on 20 March 2017.
3. Due to serious reservations and fundamental differences over new MYT, KE filed a Review Petition with NEPRA on 20 April 2017.
4. NEPRA issued its decision on KE's Review Petition on 09 October 2017 without providing any tangible relief to the Company.
5. KE, in order to ensure continuity of operations and long term sustainability of the Company for the benefit of all the stakeholders, especially citizens and industry of Karachi, approached MoE, GoP to intervene.
6. MoE filed a Reconsideration Request (RR) with NEPRA on 26 October 2017 to determine KE's MYT afresh. In public interest MoE representatives participated in hearing on RR along with KE, industrial & trade bodies, financial institutions and others and fully supported KE's stance.
7. NEPRA issued its decision on RR on 05 July 2018 and did provide some relief to the Company but did not address genuine difficulties/issues facing the Company.
8. Amended NEPRA Act 1997 provides to challenge NEPRA's decision in Appellate Tribunal and KE has accordingly filed an Appeal, however the Appellate Tribunal is not yet functional and hence the Appeal has not been taken up.
9. Therefore, KE had no other legal recourse but to file a case in SHC against MYT determined by NEPRA.
10. The case was filed in SHC on 19 July 2018 and SHC issued interim order on 26 July 2018 staying implementation of MYT.

KE, on Apr 03, 2019, withdrew its case filed with SHC against MYT implementation, as the Company decided to pursue its legitimate concerns/issues with Appellate Tribunal and reserves right to again approach the SHC.

### B. Finalization of audited financial statements and holding of AGM for FY 2017 - approvals, disclosures, correspondence with SECP and PSX

1. On KE's application dated 25 September 2017, SECP on 29 September 2017 allowed 30 days extension to hold AGM by 27 November 2017.  
**However, in the absence of valid tariff starting 01 July 2016, Company could not prepare its financial statements (FS) for FY 2017.**
2. Accordingly, KE informed and updated SECP, PSX and the shareholders on regular basis on the status, progress and efforts to hold AGM at the earliest.
3. KE, on 2 November 2017, sought SECP's direction to convene AGM by 28 February 2018
4. SECP responded on 7 November 2017 advising the Company to approach SECP for direction only when a definite date to hold AGM is available.

5. KE, on 13 December 2017 acknowledged SECP's instructions and assured compliance to seek direction when Company is reasonably certain to hold AGM.
6. SECP, on 25 April 2018, issued direction to KE to hold AGM within three months i.e. by 24 July 2018. However, SECP simultaneously, on 23 April 2018, issued Show Cause Notices(SCNs) to KE for not holding AGM and releasing Quarterly FSs.
7. KE, on 27 April 2018 requested SECP to provide an opportunity to present its view point and on 11 May 2018 submitted responses to SCNs through its corporate consultant. Further correspondence exchanged with SECP on the subject envisaged SECP advising to hold AGM at the earliest and KE submitting that in the presence of SHC stay and more importantly unavailability of a notified tariff, FSs cannot be prepared and audited.  
It was also explained that SECP was more than aware that similar problems were faced by companies providing other services such as the listed companies providing natural gas to the consumers and, therefore, no adverse orders have been passed against them, to our knowledge, for delays in holding of their respective AGMs.
8. SECP, on 3 October 2018, issued Orders on the above SCNs imposing fine of Rs. 50,000; 10,000 and 5,000 on each director.
9. KE, on 2 January 2019 filed appeals against the above SECP Orders with Appellate Bench through its corporate consultant which are pending adjudication.

**C. Finalization of audited financial statements and holding of AGM for FY 2018 - approvals, disclosures, correspondence with SECP and PSX**

1. On KE's application dated 24 September 2018, SECP on 28 September 2018 allowed 30-day extension to hold AGM by 27 November 2018
2. KE, on 1 November 2018, requested SECP to allow the Company to seek direction at a time when the Company is reasonably certain about timings of AGM 2018.  
Finalization of audited financial statements and holding AGM for FY 18 is contingent upon approval of financial statements for FY 17.
3. SECP, on 7 November 2018, advised the Company to hold AGM for FY 2017 and FY 2018 without further delay.
4. SECP, on 20 March 2019, issued Show Cause Notices(SCNs) to KE for not holding AGM and releasing Quarterly FSs.
5. KE, on 16 April 2019 submitted responses to SCNs.

**Recent Developments – Current status**

On 22 May 2019, MoE, GOP has notified MYT for KE for the period of seven (7) years applicable from 1 July 2016 to 30 June 2023. Accordingly, MYT notification has been shared with the external auditors and they have been requested to expedite the audit process and indicate the time frame required to finalize their audit of financial statements for FY 2017. A formal letter from the auditors is expected to be available in a week's time which will be shared with SECP and PSX.

As soon as timelines to provide audited financial statements for FY 2017 are available from the auditors, AGM date would be finalized taking into account printing & dispatch time for Annual Report and statutory 21-days' notice period to convene AGM. Simultaneously, we will seek direction from SECP for holding AGM for FY 2017 and will accordingly inform PSX immediately.