

FEBRUARY 24, 2025

Danyaal Jamal

Head of Treasury & Corporate Finance

K-Electric Limited

KE House, 39-B, Sunset Boulevard, Phase-II,

Defence Housing Authority, Karachi

Subject: Shariah Opinion on a Shariah Compliant Security to be Issued as per Approved Structure

Assalamu-Alaikum,

Dear Mr. Danyaal,

It is with reference to the Unsecured Privately Placed Short Term Sukuk of K-Electric Limited (STS XXX / 30) for an amount of up to PKR 7,000,000,000/- (Pak Rupees Seven Billion Only) (inclusive of green shoe option of PKR 1 000,000,000/- (Pak Rupees One Billion only)) to be issued by K-Electric Limited. I, Mufti Ejaz Ahmed Samadani, hereby have reviewed all the documents pertaining to the application and found them to be in line with the Shariah governance regulations issued by the Securities and Exchange Commission of Pakistan.

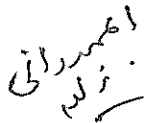
Moreover, this Sukuk is similar to the instrument issued by K-Electric Limited and approved by the SECP under its certificate no. SECP/IFD/SCS/05/25 dated September 13, 2023, KE STS XX.

Further, the structure of this issue is based on the Musharaka (Shirkat-ul-Aqd) and is in conformity with Shariah principles. In addition, Shariah Advisor further pronounces that:

1. There is no involvement of Riba as there is no profit on the loan. Instead, the structure is based on Musharaka (Shirkat-ul-Aqd).
2. The return to investors will be derived from the profit generated through the Musharaka business as the contribution of Sukuk will be utilized for advancing the funds to the company on Musharaka basis for the generation, transmission, and distribution of electricity to its customers/consumers.
3. The structure is based on the Musharaka (Shirkat-ul-Aqd) concept. It does not carry excessive Gharar in relation to tenure, profit/loss sharing, and principal redemption, as the same is clearly stated in the relevant Musharaka agreement.
4. The financing arrangement is consistent with the relevant Shariah Principles with benefits to the Company and Investors.
5. Shariah audit of the issued Sukuk shall be required; the compliance of features and Shariah requirements of Sukuk shall be audited on annual basis. The Company shall appoint its own statutory auditors or another firm of Chartered Accountants to perform Shariah audit. The Shariah audit reports shall be made part of the annual financial report of K-Electric

6. The Sukuk Subscription and Issue Agency Agreement, Musharaka Agreement, and Sukuk Issuance Agreement, ("Legal Agreements") have been reviewed. The Legal Agreements are in line with the Shariah Structure and are consistent with the Shariah principles. There is no need for an SPV as investors are investing on a Shirkat-UI-Aqd basis to finance working capital needs. That is why assets cannot be segregated for generating and distributing electricity to consumers/customers.

Regards,



Mufti Ejaz Ahmed Samadani

SECP Registered Shariah Advisor

SECP/IFD/SA/019

Dated: 24-02-2025