
K-Electric Retail Sukuk - Investor FAQs

1. How can I invest in Retail Sukuk?

Please view the video on How to Invest in Retail Sukuk. To access the video, please visit www.ke.com.pk/ke-retail-sukuk

2. Is my investment locked in for 12 months?

No, your investment isn't locked in for 12 months. The Sukuk will be listed on the Pakistan Stock Exchange (PSX), and you can sell your investment (i.e. the Sukuk certificates issued in your favor) in the market at any time after it's listed on the PSX.

3. How much profit will I receive?

The Sukuk offers a variable monthly profit rate based on the prevailing 3-month KIBOR plus an additional 20 basis points. The Base Rate (3-month KIBOR) will be set for the first time 1 (one) working day prior to the Issue Date and will be applicable for the first quarterly period of the Sukuk tenor, and will be subject to revision for each subsequent quarterly period(s) during the remaining tenor of the Sukuk. The monthly profit can be received via bank transfer or adjustment in electricity – in line with your opted option.

Please refer to more details in the prospectus document. You can view the same on www.ke.com.pk/ke-retail-sukuk

4. How much tax will be deducted from my profits?

The withholding tax rate table is provided below:

Category	Tax Rate for Persons appearing in Active Taxpayer List	Tax Rate for Persons not appearing in Active Taxpayer List
Individual or Association of Persons (if the return on investment is less than one million)	10%	20%
Individual or Association of Persons (if the return on investment is more than one million)	12.50%	25%
Company	25%	50%

Please refer to more details in the prospectus document. You can view the same on www.ke.com.pk/ke-retail-sukuk

5. How is my tax status determined?

Your tax status is based on your personal identification details, and not on the KE consumer number you provide.

6. When do I start earning profit – from the day I invest or from the Issue Date?

Profit starts accruing from the day you subscribe. The Sukuk also includes a “broken-period profit,” feature which shall mean your additional profit shall be calculated from your subscription date up until the day before the official Issue Date. It is clarified that any such profit for such broken period is in addition to the monthly profit payable during the tenor of the Sukuk commencing from 1 month from the Issue Date.

7. What is the profit adjustment against my electricity bill feature? How will this work?

This profit payment mode shall be offered to only those K-Electric consumers who subscribe in the pre-IPO (individuals only) / IPO only, and not to any investor who purchases the Sukuk certificates subsequently. Further, only those KE consumers who fall under the below customer categories shall be eligible for this mode of profit payment:

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

The profit payment mode by way of adjustment shall work as follows (please refer to the Prospectus on www.ke.com.pk/ke-retail-sukuk for detailed information)

- At the book closure date, the Sukuk Registrar will make the payment register and share it with the Issue Agent (Habib Bank Limited) & Issuer.
- Adjustments shall be made in the bill being generated immediately after the profit due date against the investor’s provided KE consumer number at the time of subscription.
- As soon as the file is updated in KE’s internal system (KE portal for Retail Sukuk and SAP for bill posting), the below-provided SMS will be sent to these specific consumers on their registered numbers informing them regarding profit adjustment:

[“Dear Sukuk investor. Your 1st Net Profit amounting to PKR XXX has been adjusted against your KE consumer number 04000*****33 as per your chosen profit payment option. The same amount will be reflected in your next electricity bill.”]

- The Issuer will then credit the profit amounts in the monthly bill for the investor (marked by the consumer number) & share proof of adjustment with the Issue Agent.
- A detailed confirmation letter will also be couriered to the investor's registered address by the Registrar confirming the Gross & Net Profit along with the Zakat deducted.

8. For profit adjustment, can I change the KE consumer number after I’ve subscribed?

No, once you provide a KE consumer number during subscription, it cannot be changed later.

9. For profit adjustment, does the KE consumer number need to match my own name?

Not necessarily. You can use a KE consumer number that is registered in someone else's name (for example, a family member's) as long as that is the number on the electricity bill against which the investor is seeking a profit adjustment.

10. Do I have an option of not opting for the profit adjustment feature?

Yes, this is not compulsory. Investors can choose either option at the time of IPO subscription

11. Can I change my mode of profit after my initial selection?

If you are an IPO investor, you can opt for monthly profit payment either in the form of bank transfer or as adjustment in your KE electricity bill (do check the eligibility criteria disclosed in the Prospectus document. You can view the same on www.ke.com.pk/ke-retail-sukuk). The profit mode you select in the subscription form will remain intact for the entire term of your investment.

However, if you are a secondary market investor, you will only have the bank transfer option available for monthly profit payment.

12. What happens if my electricity bill is higher than the profit

The consumer will be getting a net off bill amount after adjustment of the Sukuk profit. The consumer shall pay this netted-off bill amount.

13. What happens if my electricity bill is lower than the profit amount credited?

If your monthly bill is lower than your monthly profit adjustment amount, the extra profit will be credited against your KE consumer number and will be carried forward in your subsequent bills.

However, to receive the excess as a cash payment, simply send an email on retail.sukuk@ke.com.pk with the subject "Request to Release Retail Sukuk Credit Profit Balance". Include your bank account IBAN (as per our and CDC records) and a scan of your CNIC. Once your request is reviewed and approved, the funds will be transferred within 15 (fifteen) days.

14. Am I eligible for bill adjustment if the KE consumer number provided belongs to a corporate/commercial customer?

Bill adjustments are available only for KE consumer numbers linked to the following tariffs:

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

If you provide a consumer number for a corporate customer, you will not be eligible for bill adjustments. Rather, you will automatically be allotted a bank transfer option to obtain the monthly profit payment.

15. What is the structure of the Sukuk?

The Sukuk is based on the Shariah compliant structure of Musharakah (Shirqat-ul-Aqd). Under this arrangement, Investors will invest in Sukuk Issuer's business by executing a Musharaka Agreement for distribution of electricity to its customers/consumers (including industrial, commercial, agricultural, and residential areas, etc.), during the Musharaka tenure, through specified Integrated Business Centers ("IBCs"). The business profit/loss will be calculated after deducting the direct costs from the revenue received from the specified IBCs such as electricity procurement charges from generation and use of system charges related to usage of the transmission network. This business profit will belong to the Sukuk Issuer and the Investors and will be distributed as per the Profit-Sharing Ratio as per Schedule 3 of the Musharaka Agreement and as disclosed in the Prospectus.

Please refer to more details in the prospectus document. You can view the same on www.ke.com.pk/ke-retail-sukuk

16. How do I know this investment is Shariah compliant

The SECP has certified that this is a Shariah Compliant Instrument and has issued a Certificate for this Sukuk confirming the same in accordance with the Shariah Governance Regulations, 2023. Moreover, three separate Shariah Advisors have issued Shariah Pronouncements (Fatwas) confirming the sanctity of the Shariah Structuring of the Sukuk. The Shariah Advisors include **HBL Islamic Banking Shariah Board, ASAS Shariah Advisory Services (Private) Limited and Mufti Ali Asghar**. Their detailed credentials can be found in the prospectus document. You can view the same on www.ke.com.pk/ke-retail-sukuk

17. Will my initial investment amount (capital) be protected?

Under the Islamic principles of Musharakah (Shirkat ul Aqd), your capital is not guaranteed, and such structure pertains to investment being made on a profit/loss sharing basis. However, the IBCs supported by this Sukuk have a history of profitability, and similar performance is expected to continue which means the initial investment amount is expected to be protected and intact and the full principal amount will be returned at the end of Sukuk Tenor.

18. Can I invest less than PKR 50,000?

No. Investment must be at least PKR 50,000 and in multiples of PKR 10,000. Applications that do not meet these criteria will be rejected.

20. Is there a maximum investment limit?

Maximum limit is PKR 750 Million. A single investor can only be allocated maximum 25% of the issue size.

21. Are there any fees or charges associated with the investment?

All CDC fees, Brokerage charges (if any) and taxes shall be applicable.

22. Is there a dedicated support team for Sukuk investors?

Contact Details of all contact persons are mentioned on the Prospectus Cover Page. You can view the prospectus document on www.ke.com.pk/ke-retail-sukuk

23. How will the principal investment amount be repaid?

The Issuer shall repay the principal amount in full at the end of the tenor of the Sukuk into the investor's bank account.

24. Can I invest in the KE Sukuk even if I am not a resident of Karachi

Yes, all Pakistani citizens residing in or outside Pakistan can invest in the KE Sukuk using their registered CDC account. Please refer to the Prospectus for a full list of eligible investors. You can view the same on www.ke.com.pk/ke-retail-sukuk

25. What will happen in case of a Musharakah loss?

As per the Shirkat ul Aqd Musharakah structure that has been used to structure the transaction, profit payment is divided into two tiers. The first tier is the pre-determined profit rate which is 3-Month KIBOR plus 20bps and is paid out monthly. While the Tier 2 Profit is paid after the end of the Sukuk tenor once the complete P&L of the participating business (as per the musharakah model) is drawn up. This Tier 2 Profit is distributed in a ratio of 0.00001% for the investors and the rest for the issuer since the major part of the profit has already been paid out to the investors throughout the year.

In case of Musharakah Loss, the loss will be divided according to the investment share of the investors in the Musharakah which in this case is 4.17%. Hence, the loss will be distributed according to this share whereby the investors will have to pay back their due share of loss to the issuer at the end of the tenor once the complete P&L of the participating business is drawn up.

However, to prevent a loss situation at all times for the investors, we have only included our 12 most profitable IBCs in the Musharakah Structure so that the chances of a loss occurring is minimal at the end of the tenor.